

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

FORM 10-K

(Mark One)
☒ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended December 31, 2024
OR
☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE TRANSITION PERIOD
FROM TO

Commission File Number 001-38792

Alector, Inc.

(Exact name of Registrant as specified in its Charter)

Delaware
(State or other jurisdiction of incorporation)

001-38792
(Commission File Number)

82-2933343
(IRS Employer
Identification No.)

131 Oyster Point Blvd, Suite 600
South San Francisco, California 94080
(Address of principal executive offices, including zip code)

(415) 231-5660
(Registrant's telephone number, including area code)

Not applicable
(Former name or former address, if changed since last report)

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

Title of each class	Trading Symbol	Name of each exchange on which registered
Common Stock	ALEC	The Nasdaq Stock Market LLC (The Nasdaq Global Select Market)

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 15(d) of the Act. YES ☐ NO ☒

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

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

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

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

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

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

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

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

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

The aggregate market value of the common stock held by non-affiliates of the registrant as of June 30, 2024 (the last business day of the registrant's most recently completed second fiscal quarter) was approximately \$311.2 million, based on the closing price of the registrant's common stock, as reported by the Nasdaq Global Select Market on June 30, 2024 of \$4.54 per share.

The number of shares of the registrant's Common Stock outstanding as of February 21, 2025 was 99,085,888.

Portions of the registrant's Definitive Proxy Statement relating to the registrant's 2025 Annual Meeting of Stockholders are incorporated by reference into Part III of this Annual Report on Form 10-K where indicated. Such Definitive Proxy Statement will be filed with the Securities and Exchange Commission within 120 days after the end of the registrant's 2024 fiscal year ended December 31, 2024.

Alector, Inc.
Annual Report on Form 10-K

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SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Annual Report on Form 10-K contains forward-looking statements. All statements other than statements of historical facts contained in this Annual Report, including statements regarding our future results of operations and financial position, business strategy, product candidates, planned preclinical studies and clinical trials, results of clinical trials, research and development costs, regulatory approvals, timing and likelihood of success, as well as plans and objectives of management for future operations, are forward-looking statements. These statements involve known and unknown risks, uncertainties, and other important factors that are in some cases beyond our control and may cause our actual results, performance, or achievements to be materially different from any future results, performance, or achievements expressed or implied by the forward-looking statements.

In some cases, you can identify forward-looking statements by terms such as “may,” “will,” “should,” “would,” “expect,” “plan,” “anticipate,” “could,” “intend,” “target,” “project,” “contemplate,” “believe,” “estimate,” “predict,” “potential,” or “continue” or the negative of these terms or other similar expressions. Forward-looking statements contained in this report include, but are not limited to, statements about:

- our plans relating to the development and manufacturing of our product candidates and research programs;
- our plans for advancing research and pre-clinical stage programs into clinical development and our ability to execute on those plans;
- the ability of our clinical trials to demonstrate safety and efficacy of our product candidates, and other positive results;
- the beneficial characteristics, safety, efficacy, and therapeutic effects of our product candidates;
- the expected potential benefits of strategic collaborations with third parties and our ability to attract collaborators with development, regulatory and commercialization expertise;
- our estimates of the number of patients in the United States and the European Union who suffer from the diseases we are targeting and the number of patients that will enroll in our clinical trials;
- the timing and focus of our future clinical trials, and the reporting of data from those trials;
- our plans relating to commercializing our product candidates, if approved, including our sales and marketing strategy and the regions and countries selected for commercialization activities;
- the size of the market opportunity for our product candidates in each of the diseases we are targeting;
- our ability to expand our product candidates into additional indications and patient populations;
- the success of competing therapies that are or may become available;
- the timing or likelihood of regulatory filings and approvals, including our expectation to seek special designations, such as orphan drug designation, for our product candidates for various diseases;
- our ability to obtain and maintain regulatory approval of our product candidates;
- existing regulations and regulatory developments in the United States and other jurisdictions;
- our continued reliance on third parties to conduct clinical trials of our product candidates, and for the manufacture of our product candidates for preclinical studies and clinical trials;
- our plans and ability to obtain or protect intellectual property rights, including extensions of existing patent terms where available;
- our ability to anticipate our personnel needs and to attract and retain personnel;
- the accuracy of our estimates regarding expenses, future revenue, capital requirements, and additional financing needs;
- our financial performance, including potential volatility in our stock price;

- the impact of worldwide economic conditions, including macroeconomic downturns stemming from inflation, supply chain and other economic impacts of pandemics or other public health outbreaks and geopolitical events on our business;
- the effects of inflation; and
- the sufficiency of our existing cash, cash equivalents, and marketable securities to fund our future operating expenses and capital expenditure requirements.

We have based these forward-looking statements largely on our current expectations and projections about our business, the industry in which we operate and financial trends that we believe may affect our business, financial condition, results of operations, and prospects, and these forward-looking statements are not guarantees of future performance or development. These forward-looking statements speak only as of the date of this report and are subject to a number of risks, uncertainties, and assumptions described in the section titled “Risk Factors” and elsewhere in this report. Because forward-looking statements are inherently subject to risks and uncertainties, some of which cannot be predicted or quantified, you should not rely on these forward-looking statements as predictions of future events. The events and circumstances reflected in our forward-looking statements may not be achieved or occur and actual results could differ materially from those projected in the forward-looking statements. Except as required by applicable law, we do not plan to publicly update or revise any forward-looking statements contained herein, whether as a result of any new information, future events, or otherwise.

In addition, statements that “we believe” and similar statements reflect our beliefs and opinions on the relevant subject. These statements are based upon information available to us as of the date of this report, and while we believe such information forms a reasonable basis for such statements, such information may be limited or incomplete, and our statements should not be read to indicate that we have conducted an exhaustive inquiry into, or review of, all potentially available relevant information. These statements are inherently uncertain, and you are cautioned not to unduly rely upon these statements.

PART I

Item 1. Business.

Overview

We are a late-stage clinical biotechnology company with a mission to make degenerative brain disorders history. Our robust portfolio of therapies is focused on counteracting the devastating progression of neurodegenerative diseases, particularly in areas of high unmet need where therapeutic options are limited. We are at the forefront of a scientific and clinical revolution, committed to understanding the complex mechanisms that drive neurodegenerative diseases, including the roles of toxic misfolded proteins, deficient proteins, and lysosomal, immune system, and neuronal dysfunction.

We aim to develop product candidates that remove toxic proteins, replace critical deficient proteins, and restore immune and nerve cells to normal function. To pursue this aim, we are advancing a portfolio of programs that address genetically validated targets. These programs leverage our deep understanding of the genetic underpinnings of these diseases, combined with our expertise in drug development, proprietary protein engineering, antibody discovery, and our innovative Alector Brain Carrier (ABC) technology for blood-brain barrier (BBB) transport. We are advancing ABC, our proprietary, versatile BBB technology platform and selectively applying it within our portfolio. ABC aims to enhance the delivery of therapeutics, achieve deeper brain penetration and efficacy at lower doses, and ultimately improve patient outcomes while reducing costs.

With a singular focus on transforming brain health, our research and drug discovery engine enables us to identify targets and develop a broad portfolio of product candidates validated by human genetics. These candidates, including those utilizing ABC technology, are designed to cross the BBB in sufficient quantity and potency to enable efficacious delivery to the brain and engage the intended targets. We seek to identify and develop biomarkers and biomarker assays that can accurately identify signs of a disease or condition, assist us in selecting the right patient population, demonstrate target and pathway engagement, and measure the impact of our product candidates on disease progression. We believe this may improve the probability of technical success over shorter development timelines.

Our clinical development portfolio includes latozinemab (AL001) and AL101/GSK4527226, while our preclinical and research pipeline features several candidates, including ADP037-ABC, ADP050-ABC, ADP056, and ADP063-ABC/ADP064-ABC.

In July 2021, we entered into a Collaboration and License Agreement with Glaxo Wellcome UK Limited, a subsidiary of GlaxoSmithKline plc (GSK Agreement), to collaborate on the global development and commercialization of progranulin (PGRN)-elevating monoclonal antibodies, including latozinemab and AL101/GSK4527226.

Clinical Pipeline

Latozinemab (AL001)

Latozinemab is an investigational human recombinant monoclonal antibody designed to elevate progranulin (PGRN), a protein encoded by the granulin (*GRN*) gene that regulates lysosomal function, neuronal survival, and inflammation in the brain. Our lead PGRN-elevating candidate is being developed for the potential treatment of frontotemporal dementia with a granulin gene mutation (FTD-*GRN*), which is caused by heterozygous loss-of-function (LOF) mutations in the *GRN* gene and results in PGRN haploinsufficiency. FTD is a severe, rapidly progressing neurodegenerative disorder that affects 50,000 to 60,000 people in the United States and approximately 110,000 people in the European Union. FTD has several heritable forms, with FTD-*GRN* accounting for an estimated 5% to 10% of all individuals living with the condition. There are currently no approved therapies for any form of FTD, and we believe latozinemab is the most advanced drug candidate in development for FTD-*GRN*.

Latozinemab is currently being studied in INFRONT-3, a global, pivotal, 96-week Phase 3 clinical trial evaluating the safety and efficacy of our investigational PGRN-elevating antibody in slowing disease progression in individuals with FTD-*GRN*. We completed enrollment in INFRONT-3 in October 2023. Topline data are anticipated from the trial by the fourth quarter of 2025.

In prior clinical studies in FTD-*GRN* patients, latozinemab demonstrated elevation of PGRN levels to the normal range and early signals of exploratory biomarker and clinical activity. Latozinemab has been generally well tolerated in healthy volunteers and FTD-*GRN* patients across our Phase 1a, Phase 1b, and open label Phase 2 clinical trials. Latozinemab was granted Orphan Drug Designation for FTD from the U.S. Food and Drug Administration (FDA) and the European Medicines Agency (EMA) as well as Breakthrough Therapy Designation and Fast Track Designation for FTD-*GRN* from the FDA.

AL101/GSK4527226

AL101/GSK4527226, the second product candidate in our PGRN portfolio, is an investigational human recombinant monoclonal antibody designed to elevate PGRN levels in the brain, similar to latozinemab, but with distinct pharmacokinetic and pharmacodynamic properties that may be more suitable for treating prevalent neurodegenerative diseases. Alector and GSK are co-developing AL101/GSK4527226 for the potential treatment of early Alzheimer's disease (AD), and it may also be evaluated for other indications, including Parkinson's disease (PD). LOF mutations in the *GRN* gene, which moderately reduce PGRN levels, have been shown to increase the risk of developing AD and PD. Conversely, increased PGRN levels have been demonstrated to be protective for these diseases in animal models. Given the strong link between *GRN* LOF mutations and neurodegeneration, elevating PGRN levels may provide a potential therapeutic approach that offers broad neuroprotection in both AD and PD.

In February 2024, GSK dosed the first participant in the PROGRESS-AD, a global, 76-week Phase 2 clinical trial evaluating the safety and efficacy of AL101/GSK4527226 in slowing disease progression in early AD. PROGRESS-AD continues to enroll well, with substantial progress toward its target enrollment of 282 participants. We and GSK plan to complete trial enrollment by mid-2025. In May 2023, we and GSK amended the GSK Agreement (the GSK Amendment). Under the terms of the GSK Amendment, we are responsible for funding GSK's and our development costs up to \$140.5 million for the conduct of the initial Phase 2 trial of AL101 in early AD.

In a randomized, double-blind, placebo-controlled Phase 1 study in 88 healthy volunteers who received either single or multiple doses of AL101/GSK4527226 administered intravenously or subcutaneously, AL101/GSK4527226 was generally well tolerated and elevated PGRN levels in cerebrospinal fluid.

Preclinical and Research Pipeline

We have expanded and continue to advance our preclinical and research pipeline by leveraging our expertise in neuroscience and selectively applying our proprietary blood-brain barrier technology platform, Alector Brain Carrier (ABC). Our strategic approach positions us to develop therapeutic candidates for a range of neurodegenerative diseases.

ADP037-ABC

ADP037-ABC is our proprietary anti-amyloid beta (A β) antibody paired with our proprietary ABC for the treatment of AD. It is designed to remove brain A β plaques, with the potential to reduce the incidence and/or severity of amyloid-related imaging abnormalities (ARIA) and enable subcutaneous delivery. It targets a validated epitope, specific to brain A β plaques, combined with an optimized antibody constant region to enhance phagocytosis of A β plaques. By leveraging ABC technology, ADP037-ABC aims to clear A β efficiently, thereby reducing plaque accumulation and potentially slowing disease progression while minimizing ARIA.

ADP050-ABC

ADP050-ABC is a GCase replacement therapy paired with our proprietary ABC for *GBA* gene mutation carriers with Parkinson's disease and Lewy body dementia. In these patients, mutations in the *GBA* gene lead to deficient GCase activity. ADP050-ABC uses Alector-engineered GCase, which is proprietary and has been designed to have a longer half-life and to break down glucocerebroside, a lipid that accumulates in neurons and contributes to neurodegeneration. ADP050-ABC was shown in vivo to rescue GCase activity in *GBA* deficient mice. This mechanism aims to reduce cellular dysfunction and slow disease progression.

ADP056

ADP056 is a Reelin modulator designed to block tau pathology and promote synaptic function in AD. Reelin, a large, secreted protein, regulates neuronal function and tau accumulation. Gain-of-function Reelin variants protect against familial AD through a mechanism that appears to uncouple amyloid and tau pathology. ADP056 is designed to mimic these protective effects of the Reelin mutation.

ADP063-ABC and ADP064-ABC

ADP063-ABC and ADP064-ABC are therapeutic candidates paired with our proprietary ABC that target tau pathology in AD through distinct approaches. First, ADP063-ABC will focus on combining a proprietary anti-tau antibody directed to a validated tau epitope with ABC and an optimized antibody constant region. It is designed to block the spread of tau aggregates and has the potential for subcutaneous delivery. Second, ADP064-ABC will focus on using an anti-tau siRNA combined with ABC, which aims to prevent the synthesis of the tau mRNA and protein. ADP064-ABC aims to remove toxic tau and suppress tau protein expression. Both approaches seek to leverage a highly brain-penetrant approach to remove toxic tau and potentially slow cognitive decline in AD.

We are currently selecting our lead candidates for two programs, ADP037-ABC, targeting amyloid beta, and ADP050-ABC, replacing GCase, and plan to advance both toward IND-enabling studies later this year.

As part of our efforts to advance our programs through clinical development and execute on the strategic approach outlined in the section titled “Business – Our Strategy,” we may from time to time execute partnerships with other biopharmaceutical companies. To date we have had three licensing, co-commercialization, or co-development agreements for certain programs in our pipeline, one of which is currently active.

Our Strategy

Our goal is to develop genetically validated therapies that remove toxic proteins, replace critical deficient proteins, and restore immune and nerve cells to normal function to address the complex mechanisms that drive neurodegenerative diseases. The key tenets of our business strategy to achieve this goal include:

- **Building a leading, fully-integrated company focused on delivering innovative therapies, validated by human genetics, for the treatment of neurodegeneration.** We believe that building a fully integrated research, development, and ultimately commercial company will enable us to develop therapies more rapidly and efficiently for patients and realize the full potential of our approach and discovery capabilities.
- **Applying our proprietary capabilities to rapidly advance our product candidates through clinical proof-of-concept studies and beyond.** We are focused on maximizing the probability of success of our product candidates by leveraging an understanding of genetics and neuronal, immune, and lysosomal pathways, as well as our state-of-the-art bioinformatics, to enable better and earlier target selection. We apply our capabilities in antibody and protein engineering with selective use of our blood brain barrier technology, ABC, to optimize our product candidates. In addition, we are also focused on a biomarker-driven approach, including proprietary tools and assays, to confirm target engagement, inform patient selection, and follow clinical outcomes.
- **Maximizing the therapeutic potential of our targets and product candidates.** Given the central physiological roles played by the distinct targets of our product candidates, we believe that there is significant potential for us to address multiple indications with single targets. Our goal is to expand the therapeutic and commercial potential of product candidates to additional indications. We will remain disciplined about advancing this strategy, leveraging our discovery capabilities to inform expansion areas of maximum value and highest probability of success.
- **Continuing to focus on discovering new targets and product candidates, validated by human genetics, to fulfill the full potential of our insights and platform.** Our discovery capabilities are central to our efforts to rapidly identify new product candidates with compelling clinical potential. We will continue to invest in

our research and discovery efforts, including evolving our proprietary analytical tools and assays, to validate our identified targets and generate additional targets and product candidates.

Our Research and Discovery Engine

Our research and drug discovery engine leverages human genetic datasets, advanced tools in bioinformatics and imaging, and insights in neurodegeneration to: (1) identify genetically validated targets that play a critical role in the development of multiple neurodegenerative diseases, and rapidly develop therapeutics to these targets, (2) interrogate and prioritize those targets for activity using biomarkers and related proprietary assays and preclinical models, and (3) clinically test product candidates, including in genetically-defined patient populations that may be most likely to respond to treatment. We believe that these capabilities provide us with the tools to solve the conceptual and technical challenges associated with development of drug candidates for neurodegeneration.

We rely on proprietary bioinformatics algorithms and methodologies to analyze large genetic datasets from diseased and healthy individuals, brain-based gene expression profiling and proteomics, and human pathology. These proprietary capabilities allow us to rapidly identify genetic factors and pathways that lead to neurodegeneration, pinpoint tractable targets, and uncover pharmacodynamic biomarkers associated with neurodegenerative conditions. Specifically, the priorities of our efforts are:

- **Target Selection.** Our target selection capabilities address a wide array of factors that we believe inform efficient, optimized therapeutic outcomes, including genetic and mechanistic rationale. We leverage our bioinformatics expertise to identify genetic mutations in the brain that we believe increase the risk of disease onset and progression. We combine our bioinformatic approaches with in-house functional genomics to discover and validate genetic mutations and targets of interest. We utilize state of the art techniques such as CRISPR Activation and Inhibition, single cell transcriptomics, proteomics, metabolomics, microscopic and biochemical readouts in relevant in vitro systems such as hiPSC microglia and in vivo systems such as mouse/rat models to elucidate the immune dysfunction caused by these mutations. We then seek to engineer antibody product candidates to functionally counteract the harmful consequence of these genetic mutations. We leverage *in vitro* and *in vivo* functional tools to validate the activity of our product candidates and their ability to cross the blood brain barrier in sufficient quantity to be therapeutically effective, with select candidates enhanced for deeper brain penetration by our ABC technology platform.
- **Biomarker Selection.** We are able to identify and employ molecular biomarkers, assays, and imaging techniques that are tailored to our product candidates to confirm target engagement and quantify their impact, allowing us to potentially interpret the clinical impact of our compounds earlier than would be expected using traditional clinical measures.
- **Patient Selection.** We utilize genetic screening and biomarkers in certain orphan disease programs to better align a patient's specific diagnosis with the targeted intervention in our clinical studies.
- **Biologics Discovery.** We pursue a comprehensive antibody discovery strategy using *in vivo* (multiple species, hybridoma and single B cell technology) and *in vitro* directed evolution (phage and yeast display) approaches. We leverage our advanced antibody engineering capabilities to design and optimize biotherapeutics.

We employ gene expression profiling, proteomics, brain imaging, and data on disease pathology as well as our own preclinical and clinical data to continually refine our proprietary algorithms and methodologies. Using our drug discovery capabilities to identify targets that are validated by human genetics, disease biomarkers, and responsive patient populations, we believe that we are positioned for greater probability of technical success on more efficient timelines relative to historical drug development in neurodegeneration.

Our Pipeline Programs

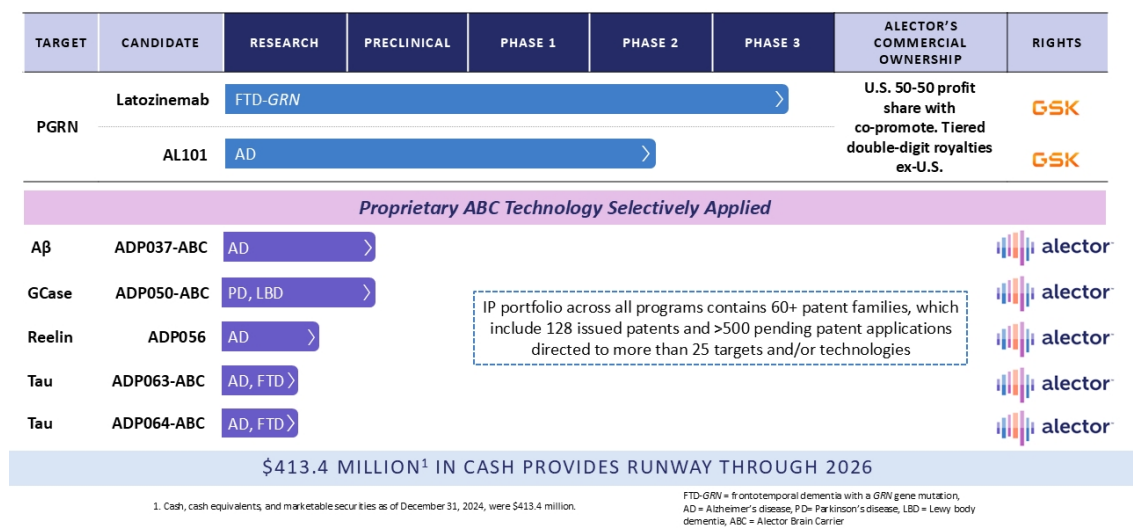


Figure 1. The above table highlights our clinical, preclinical, and research programs, Alector Brain Carrier blood-brain barrier technology platform, and IP portfolio.

Latozinemab and AL101 are our current clinical programs. In addition, we continue to pursue a number of preclinical and research programs in our pipeline for indications including Alzheimer’s disease, Parkinson’s disease, and Lewy body dementia.

Our Progranulin Programs

Our clinical development programs are focused on modulating levels of PGRN, a protein encoded by the *GRN* gene that regulates lysosomal function, neuronal survival, and inflammation in the brain. PGRN has strong genetic links to FTD and other neurodegenerative disorders. Individuals typically carry two copies of the *GRN* gene that function together to produce healthy levels of PGRN throughout the body. Mutations in both copies of the *GRN* gene, resulting in homozygous LOF, lead to a neurodegenerative disease called neuronal ceroid lipofuscinosis, which is typified by childhood dementia, vision loss, epilepsy, and death. Mutations in a single copy of the *GRN* gene result in a drop of between 50% and 70% in the level of PGRN and consequently lead to development of FTD with about 90% penetrance by 75 years of age. Moreover, large scale human genetic studies suggest that regulatory mutations in *GRN* can increase the risk for Alzheimer’s disease and Parkinson’s disease, making *GRN* a risk gene for these disorders as well.

PGRN deficiency disrupts neuronal homeostasis and lysosomal function, leading to the buildup of cellular debris and dysfunction in neuronal cells. This disruption is associated with the accumulation of TDP-43, a protein that forms pathological inclusions in neurons and is a hallmark of FTD and other neurodegenerative disorders. Moreover, the lack of PGRN promotes neuroinflammation through the release of cytotoxic cytokines and complement factors, which can activate astrocytes and contribute to neuronal damage. As a result, the lack of PGRN impairs neuronal function and contributes to rapid neurodegeneration.

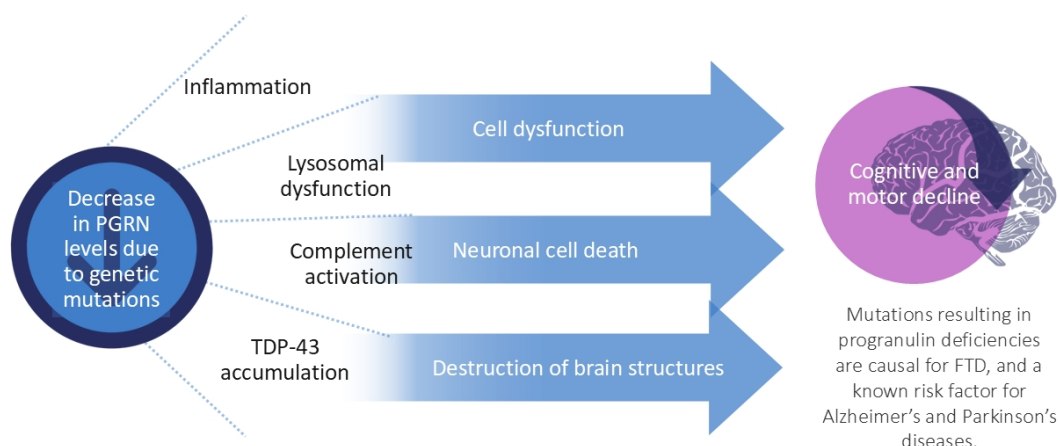


Figure 2. PGRN deficiency disrupts neuronal homeostasis and lysosomal function, contributing to the onset and progression of neurodegeneration, particularly during aging.

SORT1 Controls PGRN Levels in the Body

Human and mouse genetic studies have identified the PGRN degrading receptor sortilin (SORT1) as a major negative regulator of PGRN levels in plasma and the brain. SORT1 is a sorting receptor on the cell surface and on the endoplasmic reticulum-Golgi apparatus within the cell. SORT1 binds to extracellular PGRN in the plasma and brain and transports it into cells for degradation by the lysosome resulting in decreasing levels of extracellular PGRN. SORT1 deficiency increases PGRN plasma and brain levels by two to three-fold in mouse models, while variants that modestly reduce expression of SORT1 increase the level of PGRN in humans.

Moreover, genetic loss of SORT1 in mice does not lead to the adverse effects associated with genetic loss of PGRN, and PGRN continues to carry out its neurotrophic functions as expected in the absence of SORT1. These studies and others have indicated to us that blocking SORT1 with a pharmacological agent could be a safe and effective approach in increasing the level of functional PGRN in the brain.

We have developed two distinct product candidates that target SORT1, latozinemab and AL101/ GSK4527226, designed to increase PGRN levels in the brain. Our first product candidate, latozinemab, is intended to treat orphan disorders, including genetic forms of FTD such as in patients that are missing a functional copy of the *GRN* gene (FTD-*GRN*). Our second PGRN product candidate, AL101, is intended to treat widely prevalent neurodegenerative disorders such as Alzheimer's disease and Parkinson's disease. We have partnered with GSK to develop and commercialize our PGRN product candidates. For more information on our collaboration with GSK see the section titled "Business—Strategic Alliance with GSK."

Latozinemab received Orphan Drug Designation from the FDA and EMA for the treatment of FTD, as well as Fast Track Designation and Breakthrough Therapy Designation from the FDA for the treatment of patients with FTD-*GRN*.

Generally, if a product with Orphan Drug Designation from either the FDA or EMA subsequently receives the first approval for a particular active ingredient for the disease for which it has such designation, the product is entitled to orphan drug exclusivity. For the FDA, orphan drug exclusivity lasts for seven years, meaning the FDA may not approve any other New Drug Application (NDA) or Biologics License Application

(BLA) for the same drug or biologic for the same indication for seven years, except in limited circumstances such as if the other drug or biologic shows clinical superiority to the product with orphan exclusivity, if the FDA revokes the Orphan Drug Designation, or if the FDA finds that the holder of the orphan exclusivity has not assured the availability of sufficient quantities of the orphan product to meet the needs of patients with the disease or condition for which the drug was designated.

For the EMA, orphan drug exclusivity lasts for ten years and prevents the approval of a similar medicinal product for the same indication during that time, subject to specific exceptions. If the drug does not reach the market within a specific timeframe or if the conditions for orphan designation change, the exclusivity may not apply.

Even though the FDA and EMA have granted Orphan Drug Designation for latozinemab for treatment of FTD, both agencies can still approve other drugs that have different active ingredients for use in treating FTD. Furthermore, orphan drug exclusivity does not prevent the FDA or EMA from approving another marketing application for the same drug product for a different indication before the expiration of the orphan exclusivity period. Orphan Drug Designation does not convey any advantage in, or shorten the duration of, the regulatory review and approval process.

Fast Track designation is designed to facilitate the development and expedite the review of therapies which treat serious conditions and fill an unmet medical need. Programs with Fast Track designation may benefit from early and frequent communications with the FDA, potential priority review, and additionally, a rolling submission of the marketing application. The benefits of Breakthrough Therapy designation include the same benefits as Fast Track designation, plus intensive guidance from the FDA to ensure an efficient drug development program.

Latozinemab for the Treatment of FTD-GRN

Our first product candidate, latozinemab, is a human recombinant monoclonal antibody that increases the levels of PGRN in the brains of FTD-GRN patients. Administered via intravenous peripheral infusion, latozinemab functions by blocking the SORT1 degradation mechanism for PGRN and increasing the half-life of the functional PGRN in the brain. We are initially developing latozinemab for the potential treatment of symptomatic FTD due to a GRN gene mutation.

Overview of FTD

FTD is a rapidly progressing and severe degenerative brain disease with no approved treatment. FTD is a form of dementia found most frequently in individuals less than 65 years old at time of diagnosis. Patients with FTD exhibit a range of personality-related symptoms, including compulsive behavior, lack of restraint, apathy, and anxiety as well as language and behavioral problems. The rate of disease progression in FTD is faster than in Alzheimer's disease. Average life expectancy in FTD patients is seven to ten years after the start of symptoms. FTD symptoms have an insidious onset with clinical symptoms usually appearing between 45 to 65 years of age at an average age of 58. Hence, FTD is considered an early-onset dementia as compared to late-onset Alzheimer's disease and is more common than Alzheimer's disease in early-onset dementia under the age of 60 years.

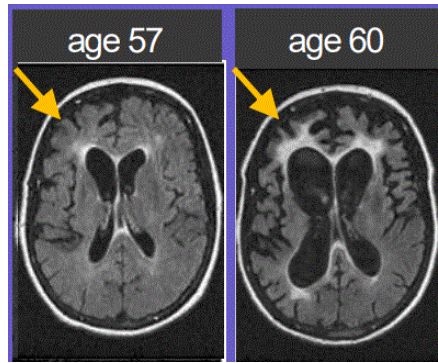


Figure 3. MRI of frontal and temporal atrophy in FTD.

Although FTD was poorly understood and thought to be rare, over the past decade the scientific community has gained knowledge about the biology of FTD as well as an awareness of disease prevalence. FTD affects 50,000 to 60,000 people in the United States and approximately 110,000 in the European Union. There are multiple heritable forms of FTD; to date, researchers have identified over 70 inherited loss of function mutations in *GRN* that lead to FTD. FTD-*GRN* patients represent 5% to 10% of all people with FTD.

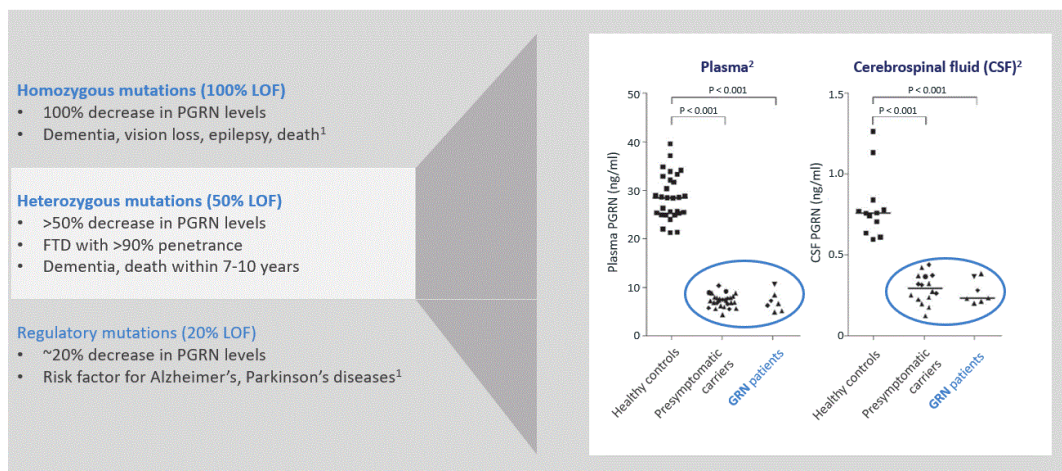


Figure 4. Mutations in a single copy of *GRN* result in a 50% or greater decrease in the level of PGRN and result in a greater than 90% probability of developing FTD. (1) Rhinn H, Tatton N, McCaughey S, Kurnellas M, Rosenthal A. Progranulin as a therapeutic target in neurodegenerative diseases. Trends in Pharmacological Sciences. 2022 Aug; 43(8):641-652. DOI: 10.1016/j.tips.2021.11.015. PMID: 35039149. (2) Meeter L et al Progranulin Levels in Plasma and Cerebrospinal Fluid in Granulin Mutation Carriers. Dement Geriatr Cogn Disord Extra 2016;6:330-340. DOI: 10.1159/000447738.

In FTD-*GRN* patients, inhibition of SORT1 through latozinemab represents a potential mechanism to compensate for the over 50% reduction of PGRN. Latozinemab is intended to reduce the ability of SORT1 to bind to and degrade PGRN, leading to increases in the levels of PGRN by increasing its circulating half-life. We have tested our PGRN program antibodies in various animal models, healthy volunteers, and FTD-*GRN* patients and have achieved significantly elevated, long-lasting levels of PGRN in the brain after intravenous administration.

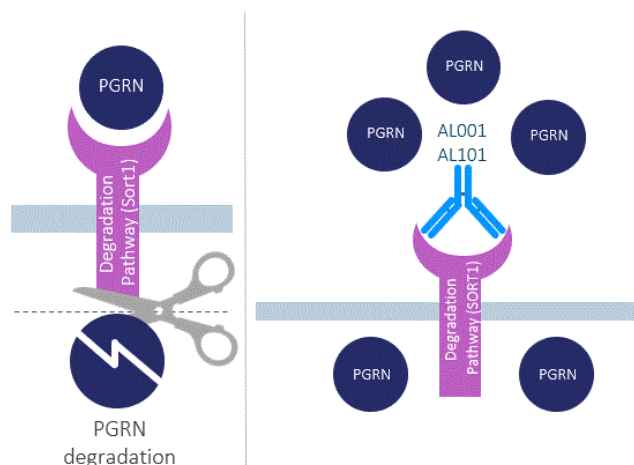


Figure 5. Mechanism of action for our PGRN programs. Latozinemab (AL001) and AL101/GSK4527226 elevate PGRN levels by blocking sortilin (SORT1), a degradation receptor for PGRN.

Our PGRN Product Candidates' Development Plan and Clinical Trial Results to Date

Latozinemab is currently being studied in INFRONT-3, a pivotal, randomized, double-blind, placebo-controlled clinical trial that enrolled symptomatic and at-risk FTD-GRN participants at multiple sites across North America, Europe, Argentina and the Asia-Pacific region. Participants were randomized to receive latozinemab or placebo intravenously every four weeks over the course of the 96-week trial. In partnership with GSK, we aligned with the FDA and EMA to conduct the primary analysis on symptomatic FTD-GRN participants, supporting an enrollment target of approximately 90-100 symptomatic participants in INFRONT-3. In October 2023, we achieved target enrollment in INFRONT-3 with 103 symptomatic and 16 at-risk participants. We anticipate topline data from INFRONT-3 by the fourth quarter of 2025.

In June 2022, the first participant from INFRONT-3 was enrolled in the optional open-label extension (OLE) study designed to assess the long-term safety, tolerability, and efficacy of latozinemab in participants who have completed the 96-week trial.

The primary endpoint in INFRONT-3 is disease progression as measured by the Clinical Dementia Rating scale plus National Alzheimer's Disease Coordinating Center Frontotemporal Lobar Degeneration Sum of Boxes (CDR[®] plus NACC FTLD-SB). The CDR plus NACC FTLD-SB, which is used to assess the severity of FTD, is a validated instrument that evaluates both cognitive and functional domains and has been accepted as the efficacy endpoint for FTD-GRN by the FDA and EMA. The trial also employs other clinical and functional outcome assessments. Additionally, the trial includes cerebrospinal fluid (CSF) and plasma biomarkers assessing PGRN

levels, along with multiple disease-relevant biomarkers of lysosomal function, complement activation, astrocyte function, neurodegeneration, and brain atrophy.

INFRONT-3: Pivotal Phase 3 Clinical trial of Latozinemab

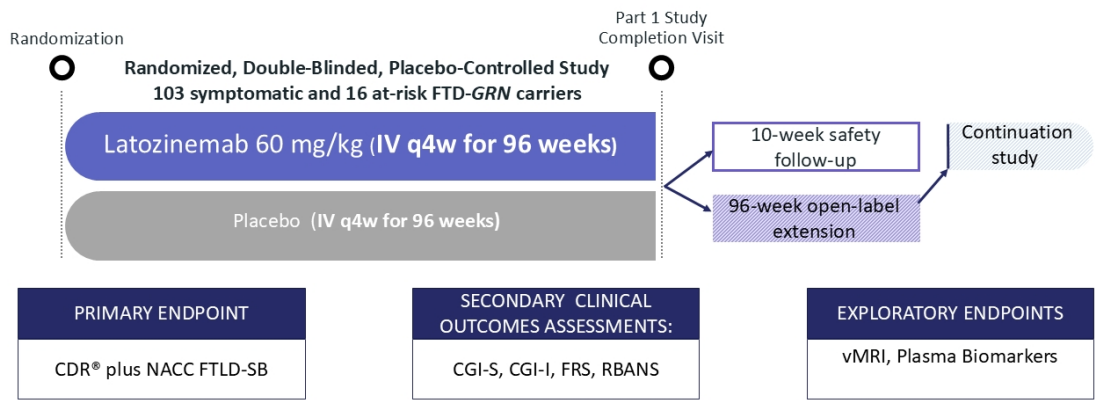


Figure 6. INFRONT-3 is a pivotal Phase 3 clinical trial evaluating the safety and efficacy of latozinemab in slowing the progression of FTD-GRN.

In 2021, we presented data for latozinemab from our ongoing open-label Phase 2 INFRONT-2 clinical trial. INFRONT-2 was designed to establish the safety and tolerability of chronic administration of latozinemab at therapeutic doses, and the study also measured biomarkers of disease and clinical outcomes. Results from up to 12 symptomatic FTD-GRN patients treated over 12 months in an open-label study showed that latozinemab was well tolerated. Treatment with latozinemab restored PGRN in both plasma and CSF to levels seen in healthy volunteer age-matched controls for the duration of treatment.

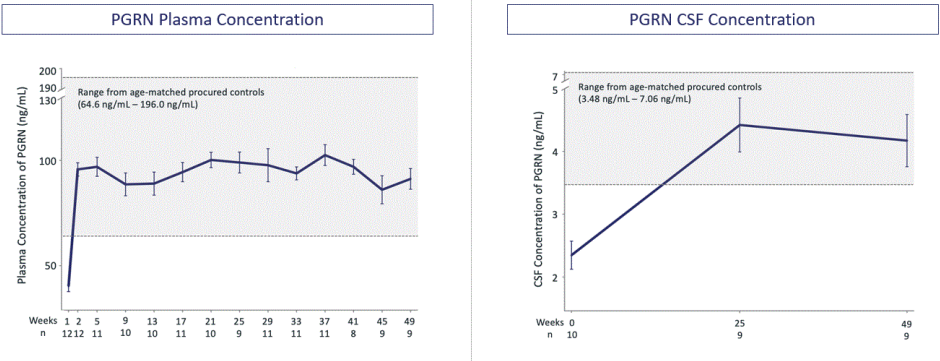


Figure 7. Latozinemab restores PGRN in plasma and CSF of FTD-GRN participants to levels seen in healthy volunteer age-matched controls.

In addition to assessing PGRN levels in plasma and CSF, we evaluated disease-associated proteins, including lysosomal (e.g., CTSD, LAMP1), complement (C1QB), and astrogliosis (GFAP) biomarkers along with neurofilament light chain (NfL). In our Phase 2 trial results presented in 2021, many of these disease-relevant

biomarkers of lysosomal function, complement activation, astrogliosis, and neuronal health trended toward normalization or remained stable over 12 months of treatment compared to baseline and age-matched controls.

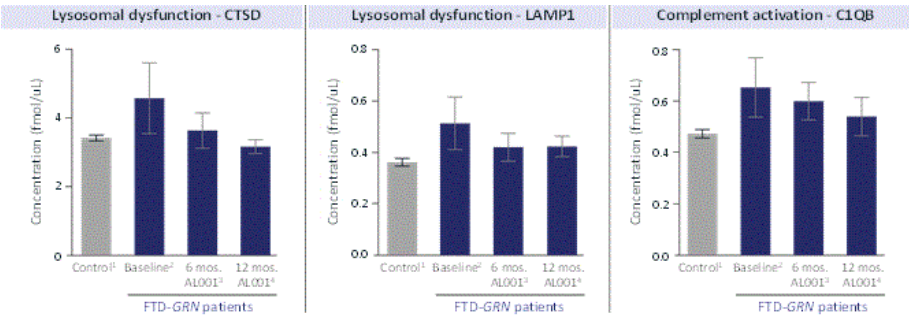


Figure 8. Latozinemab treatment normalizes lysosomal and complement biomarkers in CSF symptomatic FTD-GRN patients enrolled in our open label Phase 2 trial. (1) The control group included N = 44 age-matched procured control samples, (2) at Baseline N = 11 FTD-GRN participants, (3) at 6 months treatment with latozinemab N = 9 FTD-GRN participants, and (4) at 12 months treatment with latozinemab N = 10 FTD-GRN participants.

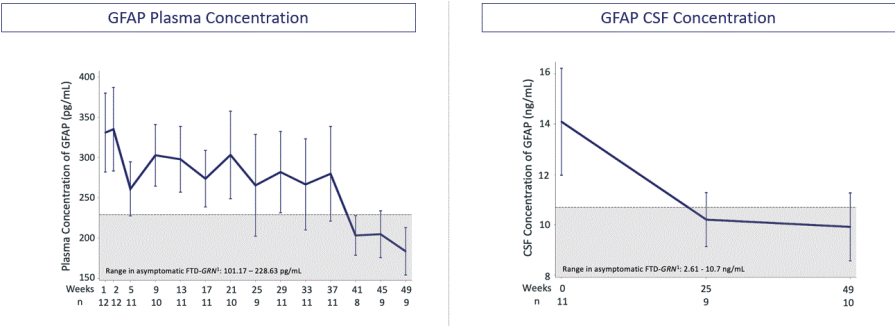


Figure 9. Latozinemab treatment decreases Glial Fibrillary Acidic Protein (GFAP) levels towards normal levels in plasma and CSF of asymptomatic FTD-GRN participants enrolled in our Phase 2 trial, suggesting a reduction in astrogliosis.

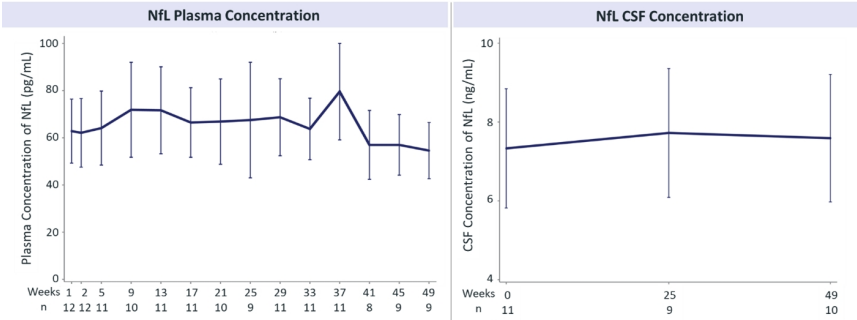


Figure 10. NfL levels in plasma and CSF are stable over 12 months in latozinemab-treated symptomatic FTD-GRN participants enrolled in our Phase 2 trial.

To provide context for the clinical outcomes observed in the open-label INFRONT-2 trial, a matched control cohort of ten FTD-GRN participants from the GENFI2 consortium was created using the propensity score matching technique. These ten GENFI2 patients were identified based on the CDR® NACC FTLD SB at baseline and further refined by matching based on age, NfL levels, and clinical diagnosis at baseline, all done on a blinded basis without access to longitudinal results.

Using volumetric MRI, we found a greater than 10% reduction in the atrophy rates in favor of the latozinemab treated FTD-GRN patient population for the whole brain and frontotemporal cortex measures, and an approximately 50% reduction in the rate of ventricular enlargement, relative to the matched control GENFI2 cohort of FTD-GRN.

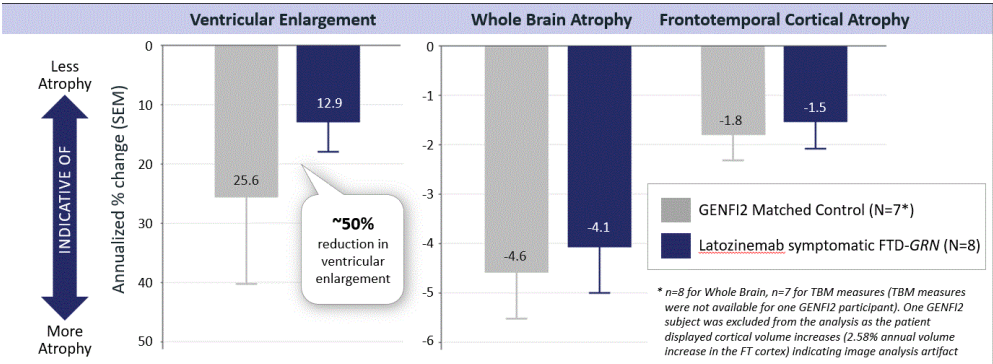


Figure 11. vMRI data suggest slowing of ventricular enlargement and brain atrophy in latozinemab treated FTD-GRN patients enrolled in our open label Phase 2 trial.

In our Phase 2 trial, we also assessed clinical outcomes using the CDR® plus NACC FTLD-SB scale. The CDR® plus NACC FTLD-SB is the Clinical Dementia Rating Scale plus National Alzheimer’s Coordinating Center frontotemporal lobar degeneration sum of boxes rating scale developed for patients with FTD. Latozinemab treatment was estimated to slow disease progression by 48% in 12 FTD-GRN patients at 12 months relative to matched GENFI2 controls.

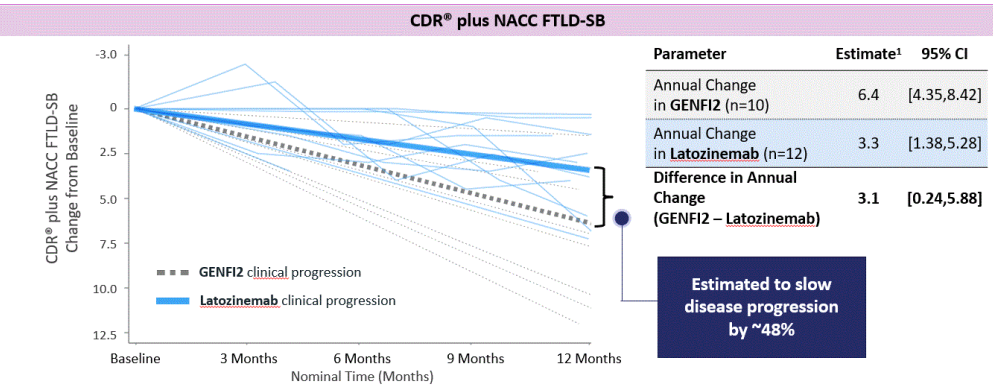


Figure 12. Treatment with latozinemab showed a slowing of clinical progression in FTD-GRN patients enrolled in our open label Phase 2 trial relative to matched GENFI2 controls. Random Coefficient Model with Repeated Measurements including baseline and all available post-baseline measurements up to 12 months.

In prior clinical trials, latozinemab was well tolerated and demonstrated proof of mechanism. In our Phase 1a trial (n=50) in healthy volunteers, latozinemab was well tolerated. In our Phase 1b portion of the trial (n=14) in FTD-GRN patients, there was a statistically significant increase in PGRN levels relative to baseline when compared to pooled placebo in plasma and in CSF at the pre-specified follow-up time point. In addition, results from these

Phase 1 studies showed that latozinemab was generally well tolerated, with no drug-related serious adverse events or dose-limiting adverse events reported in the trial.

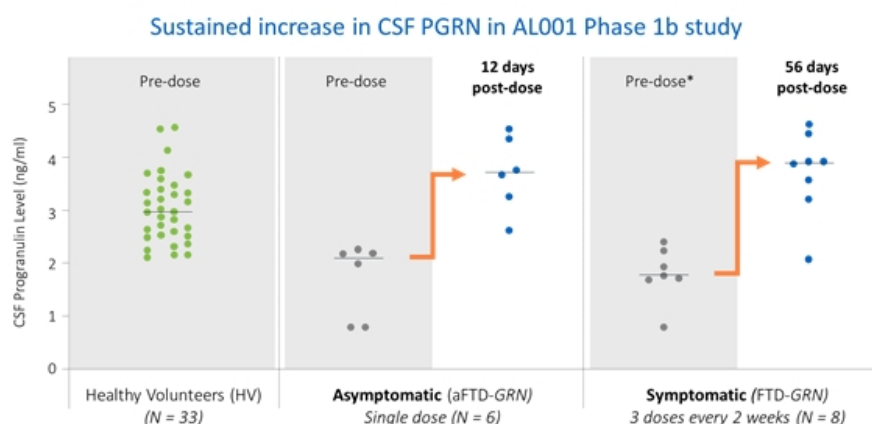


Figure 13. Latozinemab restores PGRN levels in symptomatic and asymptomatic FTD-GRN patients back to the normal range as seen in healthy volunteers.

Following their completion of the Phase 2 study or Phase 3 OLE study, participants may choose to enroll in a continuation study. This study will further assess the effects of latozinemab and enable participants to remain on the study drug.

Potential Additional Applications for Latozinemab

In order to treat any other neurodegenerative diseases including FTD patients other than those with *GRN* mutations with latozinemab, we will be required to conduct additional clinical studies in those specific patient populations. For example, excess aggregation of TDP-43 in brain cells is thought to lead to neuronal cell death and is associated with multiple neurodegenerative diseases, including both FTD and ALS. We included an additional genetic subset of FTD patients (FTD-*C9orf72*) in our open-label Phase 2 clinical trial of latozinemab and we will need to conduct an appropriate Phase 3 clinical trial to further investigate that genetic subset of patients.

In 2021, we initiated a Phase 2 clinical trial evaluating the safety, tolerability, pharmacokinetics and pharmacodynamics of latozinemab in people with ALS who carry a *C9orf72* mutation. In preclinical studies using multiple models of acute and chronic neurodegeneration, increasing progranulin levels has been shown in the literature to reverse and be protective against TDP-43 pathology. In light of the evolving ALS landscape, we closed that Phase 2 study to additional enrollment, and we and GSK continue to evaluate plans for development of latozinemab in ALS.

AL101/GSK4527226 for the Treatment of Alzheimer's Disease and Parkinson's Disease

We are developing a second product candidate in our PGRN programs, AL101/GSK4527226, a human recombinant monoclonal antibody designed to block and downregulate the SORT1 receptor to elevate the level of PGRN in the brain. While AL101/GSK4527226 is similar to latozinemab, it has different pharmacokinetic and pharmacodynamic properties, making it more suitable for large chronic neurodegenerative diseases, such as Alzheimer's disease and Parkinson's disease. Excess aggregation of TDP-43 in brain cells is thought to lead to neuronal cell death and is associated with Alzheimer's disease and Parkinson's disease.

Polymorphic mutations that moderately reduce the expression levels of PGRN have been shown to increase the risk of developing Alzheimer's disease and Parkinson's disease, and increased PGRN levels have been demonstrated to be protective for these diseases in animal models.

AL101/GSK4527226 is currently being studied in PROGRESS-AD, a randomized, double-blind, placebo-controlled Phase 2 clinical trial of AL101 enrolling approximately 282 patients with early Alzheimer's disease at multiple sites globally. The 76-week study is designed to assess the safety and efficacy of two dose levels of AL101

compared to placebo. Participants are randomized to one of three treatment groups, receiving AL101 or placebo intravenously. The primary endpoint of the study is disease progression as measured by the Clinical Dementia Rating Sum of Boxes (CDR®-SB). The trial also employs other clinical and functional outcome assessments. PROGRESS-AD continues to enroll well, with substantial progress toward its target enrollment of 282 participants. We and GSK plan to complete trial enrollment by mid-2025.

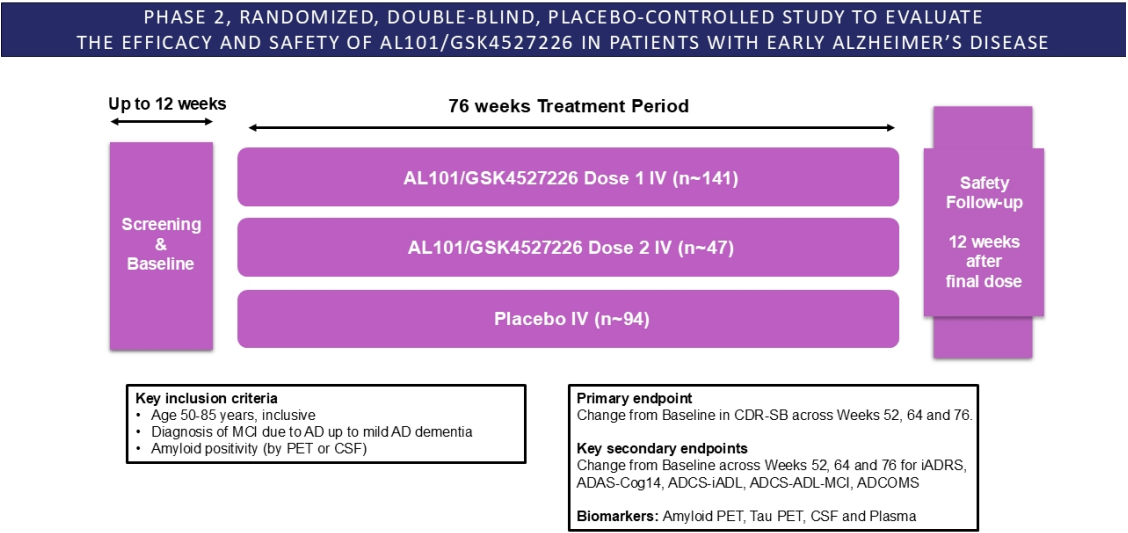


Figure 14. PROGRESS-AD is a global Phase 2 clinical trial evaluating the safety and efficacy of AL101/GSK4527226 in slowing the progression of early Alzheimer’s disease.

In 2022, we presented results from our randomized, double-blind, placebo-controlled Phase 1 clinical trial testing the safety, tolerability, pharmacokinetics, pharmacodynamics, and bioavailability of single and multiple doses of intravenously (IV) or subcutaneously (SC) administered AL101/GSK457226 in 88 healthy volunteers. AL101/GSK457226 was found to be generally well tolerated at all doses administered. Additionally, AL101/GSK457226 was measurable in the CSF following single and multiple IV and SC doses. In the two multiple-dose (MD) cohorts, 27 healthy volunteers received either AL101/GSK457226 30 mg/kg IV every four weeks (q4w) for a total of four doses [n=11] or AL101/GSK457226 300 mg SC every two weeks (q2w) for a total of seven doses [n=13]. Three volunteers received MD IV placebo. MD administration of AL101 increased plasma and CSF PGRN levels, with a higher elevation observed in the AL101 30 mg/kg MD IV group than in the AL101 300 mg MD SC group. Multiple IV doses of AL101 at 30 mg/kg increased and maintained the levels of PGRN at approximately 160% to 200% (2.6- to 3-fold) above baseline in plasma and approximately 80% (1.8-fold) above baseline in the CSF. The pharmacokinetics and pharmacodynamics profile of AL101 following single and multiple IV doses support future development in chronic neurodegenerative conditions such as AD and PD.

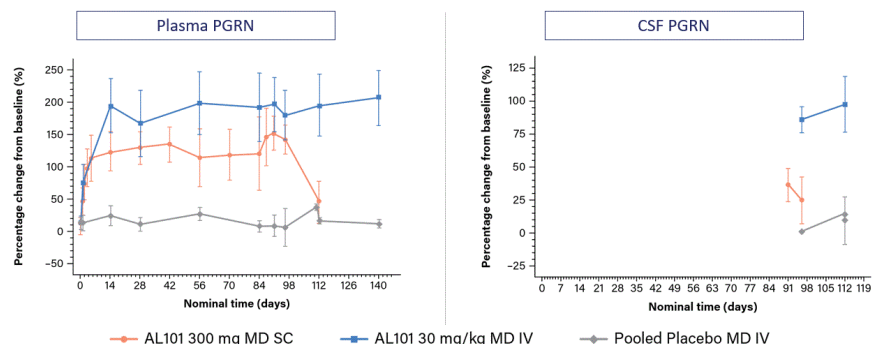


Figure 15. AL101 treatment increased PGRN levels in healthy volunteers enrolled in our Phase 1 trial.

Alector Brain Carrier (ABC), Our Proprietary and Versatile Blood-Brain Barrier Technology Platform

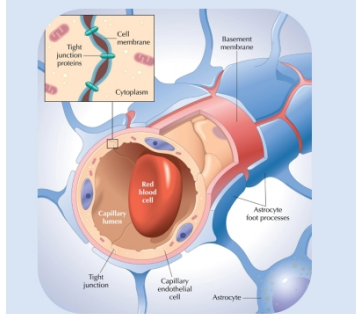
The blood-brain barrier plays a critical role in maintaining homeostasis and protecting the brain by restricting the entry of potentially harmful substances. However, from a therapeutic standpoint, this protective function presents challenges for delivering therapeutics that need to cross the BBB to achieve optimal efficacy. To address this issue, we are developing Alector Brain Carrier, our proprietary and versatile technology platform designed to enhance brain penetration of therapeutic molecules.

ABC complements our late-stage clinical pipeline and fuels our preclinical and research pipeline, including ADP037-ABC, ADP050-ABC, ADP063-ABC and ADP064-ABC, to address diseases like Alzheimer's disease, Parkinson's disease, and Lewy body dementia. We are also leveraging ABC to support our next-generation drug candidates. Through ABC, we believe we are positioned at the forefront of advancing therapeutics for neurodegenerative diseases and overcoming the hurdle of drug delivery to the brain.

Alector Brain Carrier (ABC): Enhanced Delivery of Biologics Across the BBB

Supports portfolio of genetically validated programs for neurodegenerative diseases

- Blood Brain Barrier (BBB)**
- Maintains homeostasis and protects by restricting access
 - Poses a challenge for how much drug gets into the brain



Alector Brain Carrier (ABC) is a proprietary, versatile BBB technology platform designed to overcome challenges of drug delivery to the CNS

- Selectively applied to our pipeline
- Aims to improve outcomes while reducing costs by enhancing delivery of therapeutics to achieve deeper brain penetration at lower doses
- Initial focus is on two key targets: transferrin receptor (TfR) and CD98hc
- Unique versatility and tunability may allow for the delivery of a range of cargos, including antibodies, proteins, enzymes, and nucleic acids
- May facilitate more convenient subcutaneous delivery

<https://www.netterimages.com/the-blood-brain-barrier-labeled-hansen-physiology-1e-physiology-james-a-perkins-4921.html>

Figure 16. ABC is our proprietary BBB technology platform designed to enhance brain penetration of therapeutic molecules.

ABC enables precise targeting and non-invasive peripheral delivery of therapeutics to the brain. We believe that safety and efficacy may be optimized through its versatile and tunable design, facilitating efficient transport of a wide variety of payloads.

ABC successfully delivers a range of therapeutic cargos, with the goal of enabling lower doses to potentially widen therapeutic windows and facilitate convenient delivery options, such as subcutaneous dosing, potentially reducing treatment costs.

ABC utilizes receptor-mediated transport, a process in which therapeutic molecules are transported across the BBB by binding to specific receptors on the endothelial cells. This approach enhances the delivery of therapeutics to the brain, aiming to achieve deeper brain penetration and optimize therapeutic efficacy. Given the brain's highly vascularized nature, receptor-mediated transcytosis offers a route by which the BBB can be transformed from a barrier into a conduit for delivering therapeutics directly to the brain parenchyma.

Alector Brain Carrier (ABC) is Designed for Effective Brain Delivery

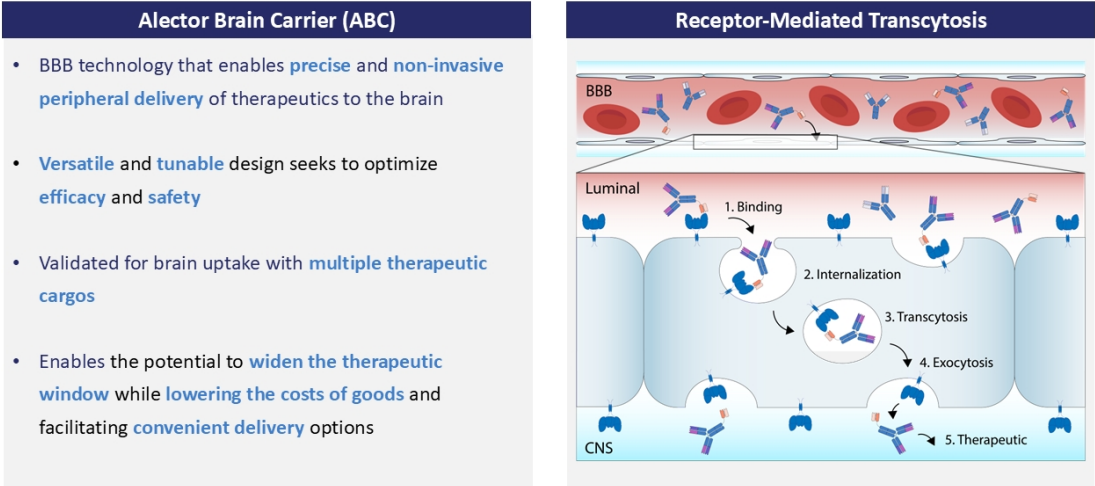


Figure 17. ABC utilizes receptor-mediated transcytosis to transport therapeutic molecules across the BBB.

Transferrin Receptor (TfR) and CD98hc Targets

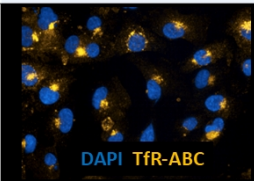
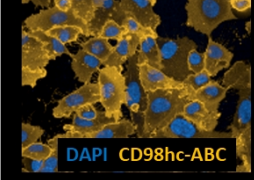
Our initial focus has been on two key receptor targets, the transferrin receptor (TfR) and CD98 heavy chain (CD98hc). These receptors have distinct expression profiles and cellular trafficking pathways but are both highly expressed at the BBB and have been shown to drive brain uptake when utilized as transcytosis receptors.

The TfR is an iron transport receptor that is highly expressed at the BBB and has been investigated for several decades as a receptor-mediated transcytosis target. TfR-binding brain carriers facilitate the rapid localization of cargo to the endolysosomal system.

In contrast, CD98hc is a key component of several amino acid transport complexes. Like TfR, CD98hc is highly expressed at the BBB, but it differs in function and localization. CD98hc typically facilitates cargo localization closer to the cell surface of endothelial cells.

Despite their functional differences, both targets have been demonstrated to effectively drive brain uptake across the BBB and deliver functional cargo, including antibodies, proteins, enzymes, and nucleic acids, to key cell types within the central nervous system. We believe that targeting multiple receptors with ABC technology is critical for optimizing brain uptake and safety, allowing for enhanced tunability in therapeutic applications.

TfR and CD98hc Offer Distinct Advantages for Cargo Selection

Target	Receptor Function	CNS Cell Expression	BBB Expression Level	Localization	Trafficking of ABC in Brain Endothelial Cell Line
Transferrin Receptor (TfR)	Iron transport receptor	Neuronal, microglia	High	Punctate, endolysosomal	 DAPI TfR-ABC
CD98hc/Slc3a2	Amino acid transport complex	Broad	High	Broad, cell surface	 DAPI CD98hc-ABC

Therapeutic cargo will also impact target cell localization and trafficking

hCMEC/D3 cells; 2h incubation, hulgG detection; 40x

Figure 18. ABC focuses on two primary targets: transferrin receptor (TfR) and CD98hc.

We have observed significant improvements in the biodistribution of TfR-ABC molecules in murine brain tissues. Without the ABC technology, the target studied is largely confined to the brain's periphery, with limited penetration into deeper regions, particularly around the ventricles. However, with the addition of TfR-ABC, there is a clear enhancement in deep brain penetration. These results highlight the critical role of both TfR and cargo binding: the TfR arm is essential for driving brain uptake, and the final biodistribution is influenced by both components of the molecule.

TfR-ABC: Drives Widespread Biodistribution in Mouse Brain

- Strong staining of neurons across brain regions due to combination of TfR and Target 3 binding
- Biodistribution of TfR-ABC molecule is highly cargo-dependent

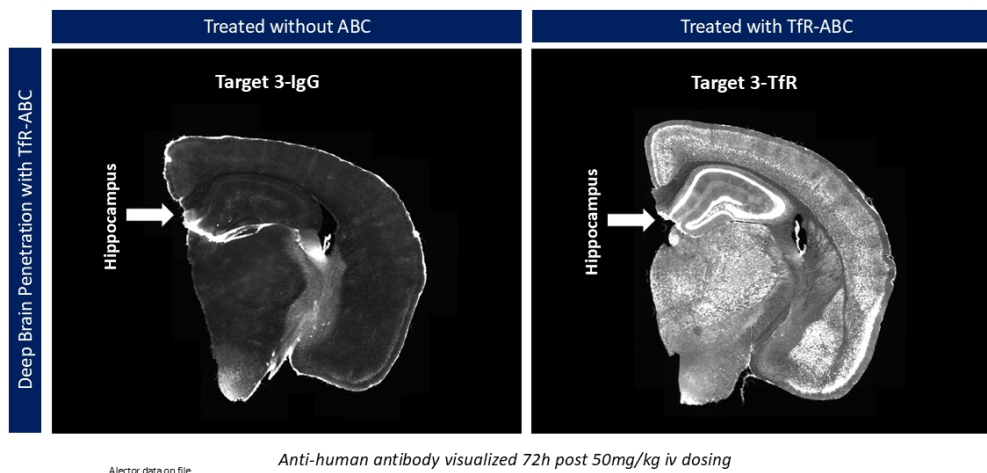


Figure 19. TfR-ABC Drives Widespread Biodistribution in Mouse Brain. In the hippocampus, the Target3 antibody shows minimal penetration without ABC technology. In contrast, with TfR-ABC, neuronal layers of the hippocampus are clearly outlined, indicating deeper brain distribution.

We have also been able to demonstrate enhanced and sustained parenchymal delivery of CD98hc-ABC in a therapeutic antibody format.

CD98hc-ABC: Facilitates Brain Uptake to Parenchymal Fraction in hCD98hc ECD Knock In Mice

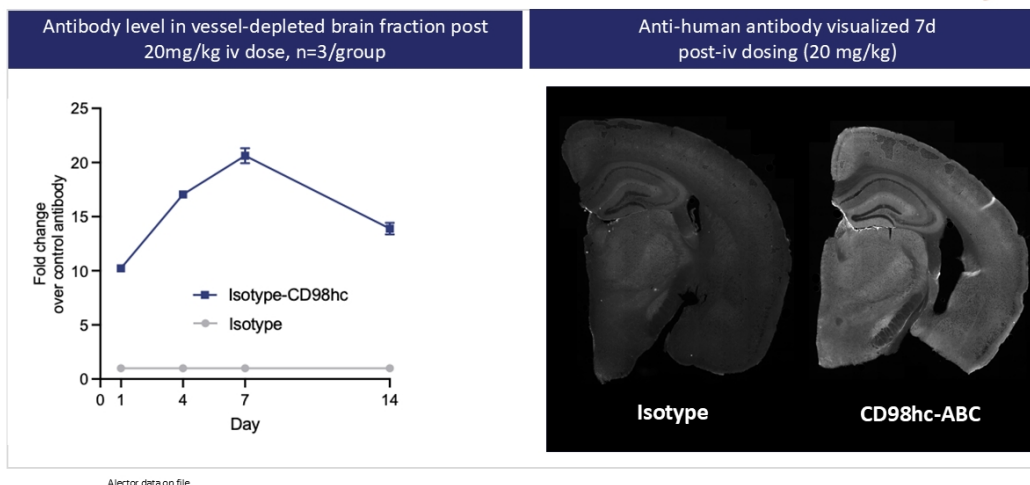


Figure 20. CD98hc-ABC enhanced brain delivery with sustained pharmacokinetics. On the left, brain uptake of the CD98-ABC is 10x higher than control at 24 hours post IV injection, rising to over 20-fold at the 7-day timepoint and remaining significantly increased 2 weeks post injection. On the right, CD98hc-ABC demonstrates deep brain penetration as compared to the isotype control.

In this study, without an active cargo, brain biodistribution was very broad. We believe that final distribution of CD98hc with active cargo will likely be driven by both arms of the molecule.

ABC Characteristics

ABC is designed to deliver three key characteristics that we believe are essential for advancing therapeutic delivery:

- **Versatility:** The platform is adaptable for a wide range of cargos.
- **Tunability:** ABC offers a broad panel of binders with varying affinities for BBB receptors, enabling pairing with diverse cargo types that have differentiated mechanisms of action, while potentially optimizing both efficacy and safety.
- **Translatability:** The platform is designed to enable rapid translation of molecules across species, reducing timelines to the clinic and enhancing the likelihood of clinical success.

Versatility

The versatility of the ABC platform is driven by its use of engineered antibody fragments that target specific receptors on the BBB to enhance therapeutic delivery. Our platform employs several types of binding domains, including Fab, a fragment of an antibody that binds to its target, and single-chain variable fragments (scFvs), engineered antibody fragments that link the variable regions of an antibody into a single chain, making them smaller and more adaptable for diverse therapeutic applications.

These binding domains may be linked to various therapeutic cargo types, including antibodies, proteins, enzymes, and nucleic acids, in multi-specific formats designed for efficient transport. Importantly, these formats preserve key antibody properties, such as extended half-life, achieved through recycling at the neonatal Fc receptor (FcRn). This receptor extends the duration of therapeutic molecules in circulation by preventing rapid clearance.

The therapeutic functionality of ABC molecules can be further optimized by modifying the Fc region, the constant portion of the antibody responsible for interactions with the immune system. These modifications can enhance binding affinity, immune response, and pharmacokinetic and pharmacodynamic properties, ultimately improving therapeutic efficacy.

CD98hc enables the use of bivalent formats, which contain two binding sites, providing advantages in overcoming challenges faced by other BBB-targeting strategies, such as those using TfR.

Versatility: ABC Formats Tailored to Deliver Biotherapeutic Cargos

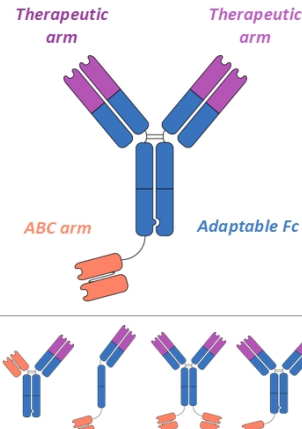
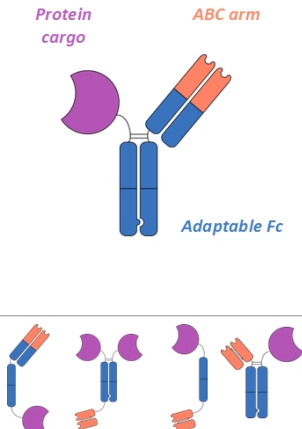
Versatile Features	Example #1: Antibody Cargo	Example #2: Protein/Enzyme Cargo
• ABCs as Fab and scFv for multi-specific formats • Adaptable Fc optimizing effector function and half life • Tailored for antibodies, proteins, and enzymes		

Figure 21. The graphics on the right highlight two examples of ABC application. The left example leverages ABC technology to deliver a bivalent antibody cargo, while the right shows a different format designed to deliver a monovalent protein cargo.

Tunability

Our ABC platform offers a broad range of affinity options for optimal pairing with therapeutic cargos. Affinity, the strength of binding between the ABC molecule and its target receptor on the BBB, influences the transport of the molecule across the BBB as well as its peripheral clearance and safety.

Low to moderate affinity ABCs are optimized for therapeutic windows and have been shown to be highly effective for antibody cargos. Higher affinity ABCs lead to more rapid brain uptake and clearance, making them suitable for enzyme and protein cargos, which typically have faster peripheral clearance.

To date, we have validated brain uptake for TfR and CD98hc binders across a 500-fold range of affinities. High, medium, and low affinity ABC binders have been developed and applied to our cargos based on the mechanism of action and desired therapeutic windows.

Tunability: Broad Affinity Toolbox for Optimal Cargo-ABC Pairing

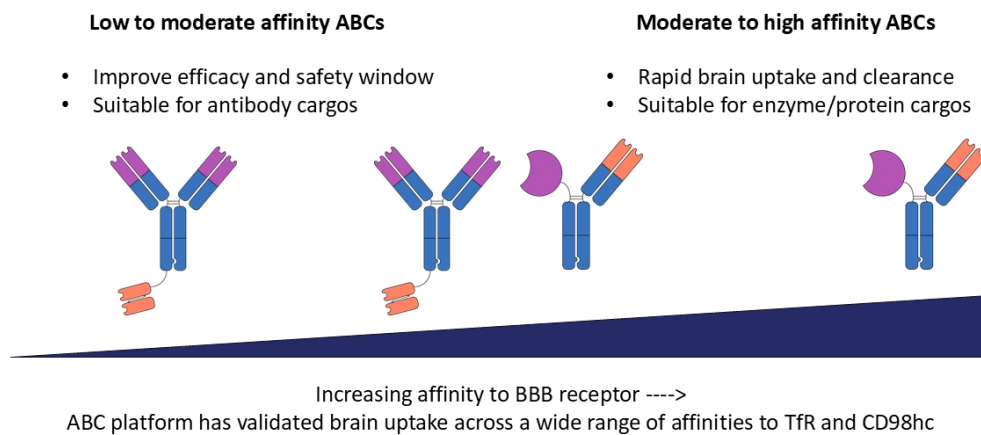


Figure 22. ABC's broad affinity toolbox enables optimal pairing of our molecules with therapeutic cargos.

Translatability

Translatability is a key component of our ABC platform. We enable rapid testing of large in vivo panels using high-throughput screening with mice expressing human TfR and human CD98hc, facilitating early-stage evaluation of ABC binders. To ensure biologically relevant results, we generate affinity-matched surrogates for ABC-cargo pairings and test them in murine disease models, confirming their potential in human applications. We also prioritize translatable safety by selecting ABCs with similar affinities to human and cynomolgus monkey BBB receptors, to help ensure that non-human primate studies predict clinical outcomes. Additionally, we conduct early-stage biophysical assessments to confirm that ABC-cargo combinations have favorable properties for manufacturing and clinical progression.

Translatability: Ensuring Rapid Progression to the Clinic

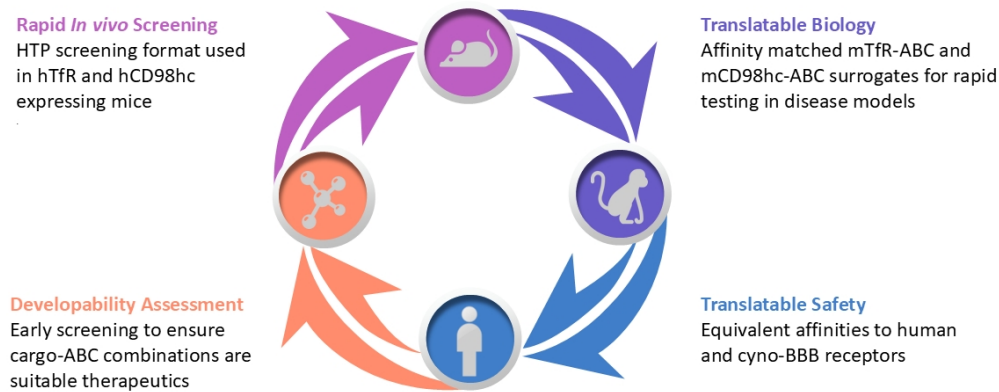


Figure 23. ABC enables efficient testing and optimization of therapeutics, supporting their progression from early-stage research to the clinic.

Strategic Alliance with GSK

Overview

In July 2021, we entered into a Collaboration and License Agreement with GSK, pursuant to which we and GSK collaborate on the global development and commercialization of progranulin-elevating monoclonal antibodies, including latozinemab and AL101. The GSK Agreement became effective on August 17, 2021.

Under the terms of the GSK Agreement, we received \$700 million in upfront payments, of which \$500 million was received in August 2021 and \$200 million was received in January 2022. In addition, we may be eligible to receive up to an additional \$1.5 billion in clinical development, regulatory, and commercial launch-related milestone payments, including \$160 million for the first commercial sale in the United States and \$90 million for the first commercial sale in at least two of the following countries: France, Germany, Italy, Spain, or the United Kingdom. In the United States, the parties will equally share profits and losses from commercialization of latozinemab and AL101. Outside of the United States, we will be eligible for double-digit tiered royalties.

The parties will jointly develop latozinemab and AL101, with GSK conducting Phase 3 clinical trials for Alzheimer's disease and Parkinson's disease and other non-orphan indications. GSK will also conduct the initial Phase 2 trial for AL101 in Alzheimer's disease. Development costs will be shared 60% by GSK and 40% by us, except that the parties will share manufacturing development costs equally, and we will solely bear the development costs of the initial Phase 2 clinical trials under the development plan.

In May 2023, we and GSK amended the GSK Agreement to provide that we are responsible for funding up to \$140.5 million for the conduct of the initial Phase 2 trial for AL101 in Alzheimer's disease.

In the United States, the parties will be jointly responsible for commercialization of latozinemab and AL101, with us leading the commercialization for orphan indications and GSK leading the commercialization for Alzheimer's disease and Parkinson's disease and other non-orphan indications. Outside of the United States, GSK will be solely responsible for commercialization of latozinemab and AL101 for all indications. We may opt out of the sharing of development costs and of profit and losses from commercialization in the United States on a product-by-product basis. In such case, we will no longer conduct development or commercialization of that product, the

Company will receive tiered royalties on net sales in the United States instead of a share of profits or losses, and certain milestones will be reduced.

Governance. The collaboration is governed by a joint steering committee (JSC) and conducted through a Joint Development Committee (JDC) and other operational committees, including those that the JSC may establish to oversee particular projects or activities. Subject to limitations specified in the GSK Agreement, if the applicable governance committee is unable to make a decision by consensus and the parties are unable to resolve the issue through escalation to specified senior executive officers of the parties, then the issue is escalated to an alternative dispute resolution subject to final decision-making rights retained by each party.

Exclusivity. During the term of the GSK Agreement, each of Alektor and GSK are subject to exclusivity requirements prohibiting certain activities outside of the GSK Agreement directed to targets under the GSK Agreement.

Intellectual Property. Ownership of intellectual property created in connection with the GSK Agreement is generally determined on the basis of inventorship. Generally, we have the first right to control prosecution and maintenance of licensed patents, including patents developed solely by us or jointly by the parties, in the United States, and GSK has the first right to control prosecution and maintenance of such patents outside the United States. GSK has the first right to prosecute infringement of such patents by certain third-party products. The parties shall mutually agree on which party shall control the defense against claims that a product developed under either of the programs that are the subject of the GSK Agreement infringes third-party intellectual property rights, with the party against whom such claims have been filed having the first right to defend in the absence of such mutual agreement.

Term and Termination. At any point during the term of the GSK Agreement, after a specified notice period, GSK can terminate the GSK Agreement in its entirety for convenience. Additionally, GSK or we can terminate the GSK Agreement in connection with a material breach of the GSK Agreement by the other party that remains uncured for a specified period of time.

Adimab Collaboration Agreements

Overview – 2014 Adimab Collaboration Agreement (2014 Adimab Agreement)

In 2014, we entered into the 2014 Adimab Collaboration Agreement (the 2014 Adimab Agreement). Our latozinemab and AL101 product candidates were discovered and optimized, and our AL002 product candidate was optimized, under the 2014 Adimab Agreement.

Under the 2014 Adimab Collaboration Agreement, during the Collaboration Term, with respect to targets selected by us, and with our funding, Adimab was required to use commercially reasonable efforts to conduct certain research to discover or optimize antibodies directed against such targets. We had an exclusive option to obtain certain rights relating to a specified number of antibodies discovered or optimized by Adimab directed against the targets we selected. Upon exercise, we would own patent rights specifically covering the sequences of such antibodies, and a worldwide, royalty-bearing, sublicensable licenses under certain technology owned or developed by Adimab to research, develop, make, have made, use, sell, offer to sell, import and export such antibodies and products based on such antibodies for all human therapeutic, prophylactic and diagnostic uses. These licenses are exclusive, except as to Adimab background and platform technology and Adimab's retained rights to continue using and licensing its own libraries, as to which the licenses are non-exclusive. Upon our exercise of the option with respect to a target, we are subject to an obligation to devote commercially reasonable efforts to commercialize products using the optioned rights to such target. The assigned and licensed patent rights we obtained from these option exercises are described in more detail above under the section titled "Business—Intellectual Property."

Intellectual Property. Ownership of intellectual property arising from the research is generally owned by the party that invents or creates the applicable intellectual property, although certain categories of intellectual property are specifically assigned to one party or the other. For example, patent rights specifically covering the sequences of antibodies for which we exercised our exclusive option are assigned to and owned by us; and patent rights relating to improvements to Adimab's background platform technology that are invented in the course of the research are assigned to Adimab.

Financial terms. We funded Adimab's research in connection with our collaboration, in accordance with the terms and limitations described in the 2014 Adimab Agreement. We also have potential milestone payments per program for use of antibodies and low- to mid-single digit royalty payments for commercial sales of products

incorporating such antibodies. However, if we enter into any transaction granting rights to the inventions or sell products created as a result of a collaboration with a third party, we have a choice to pay a share of the resulting revenue instead of royalties from such sales.

Term and Termination. The 2014 Adimab Agreement is set to expire on the twelfth anniversary of the first commercial sale of the products created under the collaboration, on a product-by-product and country-by-country basis. The licenses we and Adimab granted to each other do not survive, subject to certain limitations. The Collaboration Term has expired, and we are no longer conducting research with Adimab under the 2014 Adimab Collaboration Agreement.

Manufacturing

We must manufacture our product candidates for clinical trial use in compliance with current good manufacturing practices (cGMP) regulations. The cGMP regulations include requirements relating to organization of personnel, buildings and facilities, equipment, control of components and drug product containers and closures, production and process controls, packaging and labeling controls, holding and distribution, laboratory controls, records and reports, and returned or salvaged products. The manufacturing facilities for our product candidates must meet cGMP requirements and FDA or comparable foreign regulatory authority's satisfaction before any product is approved for human clinical trial use. Our third-party manufacturers will also be subject to periodic inspections of their respective facilities for general cGMP compliance by the FDA and other foreign authorities. These inspections may include review of procedures and operations used in the testing and manufacture of our products to assess compliance with applicable regulations.

We do not currently have the infrastructure or internal capability to manufacture our product candidates for use in clinical trials and commercialization. Under the GSK Agreement, GSK is assuming responsibility for the manufacture of latozinemab and AL101/GSK4527226 for clinical and commercial use. Until GSK has fully assumed such responsibility, and for our other product candidates, we rely, and expect to continue to rely, on third-party contract development and manufacturing organizations (CDMOs) for the production of our product candidates during their preclinical and clinical development. As part of our broad manufacturing strategy to expedite the manufacturing of our product candidates and minimize manufacturing risk, we currently have established relationships with CDMOs for the manufacturing of our drug substance or product candidates.

We do not have long-term supply agreements and we purchase our required drug product through development manufacturing services agreements. We expect to continue to rely on third-party manufacturers or our collaboration partners for the commercial supply of any of our product candidates for which we obtain marketing approval. We have personnel with significant technical, manufacturing, analytical, quality, regulatory, including cGMP, and project management experience to oversee our third-party manufacturers and to manage manufacturing and quality data and information for regulatory compliance purposes.

Failure to comply with statutory and regulatory requirements subjects a manufacturer to possible legal or regulatory action, including warning letters, the seizure or recall of products, injunctions, consent decrees placing significant restrictions on or suspending manufacturing operations and civil and criminal penalties. Contract manufacturers may encounter difficulties involving production yields, quality control and quality assurance, as well as shortages of qualified personnel. Any of these actions or events could have a material impact on the availability of our products.

Commercialization Plan

We do not currently have any approved drugs, and we do not expect to have any approved drugs in the near term. Therefore, we have no sales, marketing or commercial product distribution capabilities and have no experience as a company in marketing drugs. When, and if any of our product candidates are approved for commercialization, we intend to develop commercialization infrastructure for those products in the applicable markets. We may also rely on partners, such as GSK, to commercialize or provide commercialization infrastructure in the United States or other countries, including as to sales and marketing and commercial distribution.

Intellectual Property

Our success depends in part on our ability to obtain and maintain proprietary protection for our product candidates, technology and know-how, to operate without infringing the proprietary rights of others and to enforce

our proprietary rights against infringers. Our strategy is to seek to protect our proprietary position by, among other methods, pursuing and obtaining patent protection in the United States and in jurisdictions outside of the United States related to our proprietary technology, inventions, improvements, and product candidates that are important to the development and implementation of our business. Our patent portfolio is intended to cover our product candidates and related components, their methods of use and processes for their manufacture, our proprietary reagents, assays and platforms, and any other inventions that are commercially important to our business. We also rely on trademarks as well as trade secret protection of our confidential information and know-how relating to our proprietary technology, platforms, methods and product candidates. We believe that we have substantial know-how and trade secrets relating to our technology and product candidates.

As of December 31, 2024, our patent portfolio contains over 60 families, which include 128 issued patents and over 500 pending patent applications that are directed to over 25 different targets and/or technologies and that are solely owned or we have rights to exclusive licenses by us. For our product candidates, we generally pursue multilayered patent protection covering the composition of matter based on binding epitopes of the product candidates on the target protein, functional characteristics of the product candidates, degenerative sequence of the product candidates, and/or specific sequence of the product candidates. In addition to composition of matter coverage, we also generally pursue claims directed to methods of making, nucleic acids, formulations, and methods of using the product candidates. The method of use claims further include claims directed to methods of treatment, patient selection criteria, biomarkers, disease subgroups, pharmacodynamic and clinical end-points, and dosage regimes. As further described below, we intend to strengthen the patent protection of our product candidates and technologies through additional patent application filings.

PGRN Programs

We own seven patent families directed to our PGRN programs, latozinemab and AL101, which include seven issued U.S. patents, covering the compositions and uses of our PGRN program product candidates. The first two patent families are expected to expire in 2036, the third patent family is expected to expire in 2039, the fourth patent family is expected to expire in 2040, the fifth patent family is expected to expire in 2041, and the sixth patent family is expected to expire in 2042, and the seventh patent family is expected to expire in 2045, in all cases excluding any patent term adjustments and any patent term extensions.

ABC Platform Technology

We own four patent families directed to our ABC platform technology. The first and second patent families relate to compositions that bind to transferrin receptor (TfR) and methods of use. The third and fourth patent families relate to compositions that bind to CD98 heavy chain (CD98hc) and methods of use. The first patent family is expected to expire in 2043, the second patent family, assuming that the necessary non-provisional patent applications are timely filed and all other applicable requirements are satisfied for the U.S. provisional patent applications, is expected to expire in 2045, the third patent family is expected to expire in 2043, and the fourth patent family is expected to expire in 2045, in all cases excluding any patent term adjustments and any patent term extensions.

GCase Program

We own two patent families directed to our glucocerebrosidase (GCase) program covering engineered GCase compositions including our ABC platform technology and use of those compositions. The first patent family and the second patent family are both expected to expire in 2045, in all cases excluding any patent term adjustments and any patent term extensions.

The term of individual patents depends upon the legal term for patents in the countries in which they are granted. In most countries, including the United States, the patent term is generally 20 years from the earliest claimed filing date of a non-provisional patent application in the applicable country. In the United States, a patent's term may, in certain cases, be lengthened by patent term adjustment, which compensates a patentee for administrative delays by the U.S. Patent and Trademark Office in examining and granting a patent, or may be shortened if a patent is terminally disclaimed over a commonly owned patent or a patent naming a common inventor and having an earlier expiration date. The Drug Price Competition and Patent Term Restoration Act of 1984 (Hatch-Waxman Act) permits a patent term extension of up to five years beyond the expiration date of a U.S. patent as partial compensation for the length of time the drug is under regulatory review while the patent is in force. A patent term extension cannot extend the remaining term of a patent beyond a total of 14 years from the date of product

approval, only one patent applicable to each regulatory review period may be extended and only those claims covering the approved drug, a method for using it or a method for manufacturing it, may be extended.

Similar provisions are available in the European Union and certain other foreign jurisdictions to extend the term of a patent that covers an approved drug. In the future, if and when our product candidates receive approval by the FDA or foreign regulatory authorities, we expect to apply for patent term extensions on issued patents covering those products, depending upon the length of the clinical trials for each drug and other factors. Expiration dates referred to above are without regard to potential patent term extension or other market exclusivity that may be available to us.

We also rely, in some circumstances, on trade secrets to protect our technology. We seek to protect our proprietary technology and processes, in part, by confidentiality agreements with our employees, consultants, scientific advisors and contractors. We also seek to preserve the integrity and confidentiality of our data and trade secrets by maintaining physical security of our premises and physical and electronic security of our information technology systems.

Competition

The biotechnology and pharmaceutical industries, including in the neurodegenerative disease field, are characterized by rapidly advancing technologies, strong competition and an emphasis on intellectual property. We face substantial competition from many different sources, including large and specialty pharmaceutical and biotechnology companies, academic research institutions, governmental agencies and public and private research institutions. Some of the pharmaceutical and biotechnology companies that are currently pursuing the development of products for the treatment of the neurodegenerative disease indications for which we have research programs, including FTD, Alzheimer's disease, and Parkinson's disease, include large companies with significant financial resources, such as Biogen, Eli Lilly, Merck, Roche Holding AG, and Eisai. Some of these companies are pursuing product candidates for the same or similar indications to ours and in some cases acting on the same targets or through comparable mechanisms of action. We believe that the key competitive factors affecting the success of any of our product candidates will include efficacy, safety profile, method of administration, cost, time to market, level of promotional activity and intellectual property protection.

We anticipate our product candidates will compete with therapies approved for treating the symptoms of neurodegenerative diseases and therapies approved or currently in clinical studies intended to halt or slow the progression of neurodegenerative disease that are being marketed or developed by a number of companies and institutions.

Government Regulation

Government authorities in the United States at the federal, state and local level and in other countries regulate, among other things, the research, development, testing, manufacture, quality control, approval, labeling, packaging, storage, record-keeping, promotion, advertising, distribution, post-approval monitoring and reporting, marketing and export and import of drug and biological products. Generally, before a new drug or biologic can be marketed, considerable data demonstrating its quality, safety and efficacy must be obtained, organized into a format specific for each regulatory authority, submitted for review and approved by the regulatory authority.

U.S. Drug Development

In the United States, the FDA regulates drugs under the Food, Drug, and Cosmetic Act (FDCA) and biologics under the FDCA and the Public Health Service Act (PHSA). Both drugs and biologics are also subject to other federal, state and local statutes and regulations. The process of obtaining regulatory approvals and the subsequent compliance with appropriate federal, state, local and foreign statutes and regulations require the expenditure of substantial time and financial resources. Failure to comply with the applicable U.S. requirements at any time during the product development process, approval process or post-market may subject an applicant to administrative or judicial sanctions. These sanctions could include, among other actions, the FDA's refusal to approve pending applications, withdrawal of an approval, a clinical hold, untitled or warning letters, product recalls or market withdrawals, product seizures, total or partial suspension of production or distribution, injunctions, fines, refusals of government contracts, restitution, disgorgement and civil or criminal penalties. Any agency or judicial enforcement action could have a material adverse effect on us.

Any future product candidates must be approved by the FDA through either a BLA or NDA process before they may be legally marketed in the United States. The process generally involves the following:

- Completion of extensive preclinical studies in accordance with applicable regulations, including studies conducted in accordance with GLP;
- Submission to the FDA of an investigational new drug application (IND), which must become effective before human clinical trials may begin;
- Approval by an independent Institutional Review Board (IRB), or ethics committee at each clinical trial site before each trial may be initiated;
- Performance of adequate and well-controlled human clinical trials in accordance with applicable IND regulations, good clinical practice (GCP) requirements and other clinical trial-related regulations to establish the safety and efficacy of the investigational product for each proposed indication;
- Submission to the FDA of an NDA or BLA;
- A determination by the FDA within 60 days of its receipt of an NDA or BLA to accept the filing for review;
- Satisfactory completion of a FDA pre-approval inspection of the manufacturing facility or facilities where the drug or biologic will be produced to assess compliance with cGMP, requirements to assure that the facilities, methods and controls are adequate to preserve the drug or biologic's identity, strength, quality, and purity;
- Potential FDA audit of the preclinical study and/or clinical trial sites that generated the data in support of the NDA or BLA;
- FDA review and approval of the NDA or BLA, including consideration of the views of any FDA advisory committee, prior to any commercial marketing or sale of the drug or biologic in the United States; and
- Compliance with any post-approval requirements, including the potential requirement to implement a Risk Evaluation and Mitigation Strategy (REMS), and the potential requirement to conduct post-approval studies.

The data required to support an NDA or BLA are generated in two distinct developmental stages: preclinical and clinical. The preclinical and clinical testing and approval process requires substantial time, effort and financial resources, and we cannot be certain that any approvals for any future product candidates will be granted on a timely basis, or at all.

The preclinical developmental stage generally involves laboratory evaluations of drug chemistry, formulation and stability, as well as studies to evaluate toxicity in animals, which support subsequent clinical testing. The sponsor must submit the results of the preclinical studies, together with manufacturing information, analytical data, any available clinical data or literature and a proposed clinical protocol, to the FDA as part of the IND. An IND is a request for authorization from the FDA to administer an investigational product to humans and must become effective before human clinical trials may begin.

Preclinical studies include laboratory evaluation of product chemistry and formulation, as well as *in vitro* and animal studies to assess the potential for adverse events and in some cases to establish a rationale for therapeutic use. The conduct of preclinical studies is subject to federal regulations and requirements, including GLP regulations for safety/toxicology studies. An IND sponsor must submit the results of the preclinical tests, together with manufacturing information, analytical data, any available clinical data or literature and plans for clinical studies, among other things, to the FDA as part of an IND. Some long-term preclinical testing, such as animal tests of reproductive adverse events and carcinogenicity, may continue after the IND is submitted. An IND automatically becomes effective 30 days after receipt by the FDA, unless before that time the FDA raises concerns or questions related to one or more proposed clinical trials and places the trial on clinical hold. In such a case, the IND sponsor and the FDA must resolve any outstanding concerns before the clinical trial can begin. As a result, submission of an IND may not result in the FDA allowing clinical trials to commence.

Regulatory requirements for approval of therapies for the treatment of neurodegenerative diseases are evolving. For example, two agents, aducanumab and lecanemab, received accelerated approval from the FDA based on a surrogate endpoint, the reduction of amyloid beta plaque in the brain. Under the FDA's accelerated approval pathway, a surrogate endpoint that is reasonably likely to predict a clinical benefit to patients may serve as the basis for an accelerated approval, subject to subsequent confirmatory studies. The FDA subsequently granted full approval of lecanemab based on the cognitive endpoint. By contrast, the FDA declined to grant accelerated approval for another product, donanemab, in AD, based on an insufficient number of patients with at least 12 months of drug exposure. Donanemab later received full approval for the treatment of Alzheimer's disease in July 2024.

In addition, a recent publication of disease progression models for genetically inherited forms of FTD, including FTD-GRN, may help inform the design of clinical trials for such forms of FTD based on more accurate estimations of sample size and the potential use of biomarkers as surrogate endpoints to reduce sample size. We and GSK held a Type C meeting with the FDA and received scientific advice from the EMA regarding the pivotal INFRONT-3 Phase 3 clinical trial of latozinemab in participants with frontotemporal dementia due to FTD-GRN. We and GSK previously aligned with the FDA and EMA to conduct the primary analysis on symptomatic participants in INFRONT-3. The companies performed a sample size re-estimation that supported enrollment of approximately 90-100 symptomatic participants for a treatment duration of 96 weeks.

Clinical Trials

The clinical stage of development involves the administration of the investigational product to healthy volunteers or patients under the supervision of qualified investigators, generally physicians not employed by or under the trial sponsor's control, in accordance with GCP requirements, which include the requirement that all research subjects provide their informed consent for their participation in any clinical trial. Clinical trials are conducted under protocols detailing, among other things, the objectives of the clinical trial, dosing procedures, subject selection and exclusion criteria and the parameters to be used to monitor subject safety and assess efficacy. Each protocol, and any subsequent amendments to the protocol, must be submitted to the FDA as part of the IND. Furthermore, each clinical trial must be reviewed and approved by an IRB for each institution at which the clinical trial will be conducted to ensure that the risks to individuals participating in the clinical trials are minimized and are reasonable in relation to anticipated benefits. The IRB also approves the informed consent form that must be provided to each clinical trial subject or his or her legal representative, and must monitor the clinical trial until completed. There also are requirements governing the reporting of ongoing clinical trials and completed clinical trial results to public registries.

Clinical trials in the United States generally are conducted in three sequential phases, known as Phase 1, Phase 2, and Phase 3, and may overlap.

- Phase 1 clinical trials generally involve a small number of healthy volunteers or disease-affected patients who are initially exposed to a single dose and then multiple doses of the product candidate. The primary purpose of these clinical trials is to assess the metabolism, pharmacologic action, tolerability and safety of the drug.
- Phase 2 clinical trials involve studies in disease-affected patients to determine the dose required to produce the desired benefits. At the same time, safety and further pharmacokinetic and pharmacodynamic information is collected, possible adverse effects and safety risks are identified, and a preliminary evaluation of efficacy is conducted.
- Phase 3 clinical trials generally involve a large number of patients at multiple sites and are designed to provide the data necessary to demonstrate the effectiveness of the product for its intended use, its safety in use and to establish the overall benefit/risk relationship of the product and provide an adequate basis for product approval. These trials may include comparisons with placebo and/or other comparator treatments. The duration of treatment is often extended to mimic the actual use of a product during marketing.

Post-approval trials, sometimes referred to as Phase 4 clinical trials, may be conducted after initial marketing approval. These trials are used to gain additional experience from the treatment of patients in the intended therapeutic indication. In certain instances, the FDA may mandate the performance of Phase 4 clinical trials as a condition of approval of an NDA or BLA.

Progress reports detailing the results of the clinical trials, among other information, must be submitted at least annually to the FDA and written IND safety reports must be submitted to the FDA and the investigators for serious and unexpected suspected adverse events, findings from other studies suggesting a significant risk to humans exposed to the drug or biologic, findings from animal or *in vitro* testing that suggest a significant risk for human volunteers and any clinically important increase in the rate of a serious suspected adverse reaction over that listed in the protocol or investigator brochure.

Phase 1, Phase 2, and Phase 3 clinical trials may not be completed successfully within any specified period, if at all. The FDA or the sponsor may suspend or terminate a clinical trial at any time on various grounds, including a finding that the research subjects or patients are being exposed to an unacceptable health risk. Similarly, an IRB can suspend or terminate approval of a clinical trial at its institution if the clinical trial is not being conducted in accordance with the IRB's requirements or if the drug or biologic has been associated with unexpected serious harm to patients. Additionally, some clinical trials are overseen by an independent group of qualified experts organized by the clinical trial sponsor, known as a data safety monitoring board or committee. This group provides authorization for whether a trial may move forward at designated checkpoints based on access to certain data from the trial. Concurrent with clinical trials, companies usually complete additional animal studies and also must develop additional information about the chemistry and physical characteristics of the drug or biologic 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 product and, among other things, companies must develop methods for testing the identity, strength, quality, and purity of the final product. Additionally, appropriate packaging must be selected and tested, and stability studies must be conducted to demonstrate that our product candidates do not undergo unacceptable deterioration over their shelf life.

NDA/BLA Review Process

Following completion of the clinical trials, data is analyzed to assess whether the investigational product is safe and effective for the proposed indicated use or uses. The results of preclinical studies and clinical trials are then submitted to the FDA as part of an NDA or BLA, along with proposed labeling, chemistry and manufacturing information to ensure product quality and other relevant data. In short, the NDA or BLA is a request for approval to market the drug or biologic for one or more specified indications and must contain proof of safety and efficacy for a drug or safety, purity, and potency for a biologic. The application may include both negative and ambiguous results of preclinical studies and clinical trials, as well as positive findings. Data may come from company-sponsored clinical trials intended to test the safety and efficacy of a product's use 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 efficacy of the investigational product to the satisfaction of FDA. FDA approval of an NDA or BLA must be obtained before a drug or biologic may be marketed in the United States.

Under the Prescription Drug User Fee Act (PDUFA), as amended, each NDA or BLA must be accompanied by a user fee. FDA adjusts the PDUFA user fees on an annual basis. According to the FDA's FY 2025 fee schedule for prescription drug user fees, which became effective on October 1, 2024, and will remain in effect through September 30, 2025, the user fee for an application requiring clinical data, such as an NDA or BLA, is approximately \$4.3 million. PDUFA also imposes an annual program fee for each marketed human drug or biologic (\$403,889 in 2025) and an annual establishment fee on facilities used to manufacture prescription drugs and biologics. Fee waivers or reductions are available in certain circumstances, including a waiver of the application fee for the first application filed by a small business. Additionally, no user fees are assessed on NDAs or BLAs for products designated as orphan drugs, unless the product also includes a non-orphan indication.

The FDA reviews all submitted NDAs and BLAs before it accepts them for filing, and may request additional information rather than accepting the NDA or BLA for filing. The FDA must make a decision on accepting an NDA or BLA for filing within 60 days of receipt. Once the submission is accepted for filing, the FDA begins an in-depth review of the NDA or BLA. Under the goals and policies agreed to by the FDA under PDUFA, the FDA has 10 months, from the filing date, in which to complete its initial review of a new molecular-entity NDA or original BLA and respond to the applicant, and six months from the filing date of a new molecular-entity NDA or original BLA designated for priority review. The FDA does not always meet its PDUFA goal dates for standard and priority NDAs or BLAs, and the review process is often extended by FDA requests for additional information or clarification.

Before approving an NDA or BLA, the FDA will conduct a pre-approval inspection of the manufacturing facilities for the new product to determine whether they comply with cGMP requirements. The FDA will not approve the product unless it determines that the manufacturing processes and facilities are in compliance with cGMP requirements and adequate to assure consistent production of the product within required specifications. The FDA also may audit data from clinical trials to ensure compliance with GCP requirements. Additionally, the FDA may refer applications for novel drug products or drug products which present difficult questions of safety or efficacy to an advisory committee, typically a panel that includes clinicians and other experts, for review, evaluation and a recommendation as to whether the application should be approved and under what conditions, if any. The FDA is not bound by recommendations of an advisory committee, but it considers such recommendations when making decisions on approval. The FDA likely will reanalyze the clinical trial data, which could result in extensive discussions between the FDA and the applicant during the review process. After the FDA evaluates an NDA or BLA, it will issue an approval letter or a Complete Response Letter. An approval letter authorizes commercial marketing of the drug with specific prescribing information for specific indications. A Complete Response Letter indicates that the review cycle of the application is complete, and the application will not be approved in its present form. A Complete Response Letter usually describes all of the specific deficiencies in the NDA or BLA identified by the FDA. The Complete Response Letter may require additional clinical data, additional pivotal Phase 3 clinical trial(s) and/or other significant and time-consuming requirements related to clinical trials, preclinical studies or manufacturing. If a Complete Response Letter is issued, the applicant may either resubmit the NDA or BLA, addressing all of the deficiencies identified in the letter, or withdraw the application. Even if such data and information are submitted, the FDA may decide that the NDA or BLA does not satisfy the criteria for approval. Data obtained from clinical trials are not always conclusive and the FDA may interpret data differently than we interpret the same data.

Orphan Drugs

Under the Orphan Drug Act, the FDA may grant orphan designation to a drug or biological product intended to treat a rare disease or condition, which is generally a disease or condition that affects fewer than 200,000 individuals in the United States, or more than 200,000 individuals in the United States and for which there is no reasonable expectation that the cost of developing and making the product available in the United States for this type of disease or condition will be recovered from sales of the product.

Orphan drug designation must be requested before submitting an NDA or BLA. After the FDA grants orphan drug designation, the identity of the therapeutic agent and its potential orphan use are disclosed publicly by the FDA. Orphan drug designation does not convey any advantage in or shorten the duration of the regulatory review and approval process.

If a product that has orphan drug designation subsequently receives the first FDA approval for a particular active ingredient for the disease for which it has such designation, the product is entitled to orphan drug exclusivity. This means that the FDA may not approve any other NDA or BLA application to market the same drug or biologic for the same indication for seven years, except in limited circumstances such as a showing of clinical superiority to the product with orphan exclusivity, if FDA revokes the orphan drug designation, or if FDA finds that the holder of the orphan exclusivity has not assured the availability of sufficient quantities of the orphan product to meet the needs of patients with the disease or condition for which the drug was designated.

Latozinemab has been granted orphan drug designation by FDA for treatment of FTD, and AL101 also had orphan drug designation until we withdrew the IND for FTD and decided to pursue larger indications, such as Alzheimer's disease and Parkinson's disease, for that product candidate. Despite latozinemab's orphan drug designation, the FDA can still approve other drugs that have a different active ingredient for use in treating FTD. Furthermore, orphan drug exclusivity does not prevent the FDA from approving another marketing application for the same drug product for a different indication before the expiration of the orphan exclusivity period. Orphan drug exclusivity also could block the approval of one of our products for seven years if a competitor obtains approval before we do for the same product, as defined by the FDA, for the same indication we are seeking approval, or if a product candidate is determined to be contained within the scope of the competitor's product for the same indication or disease. If one of our products designated as an orphan drug receives marketing approval for an indication for which it has not been granted orphan drug designation, it will not have orphan drug exclusivity in that non-orphan indication. Orphan drug status in the European Union has similar, but not identical, requirements and benefits.

In litigation in 2021, a court disagreed with the FDA's longstanding position that orphan drug exclusivity only applies to the approved use or indication within an eligible disease, and not to all uses or indications within the entire designated disease or condition. This appellate court decision created uncertainty in the application of orphan drug exclusivity. In January 2023, the FDA published a notice in the Federal Register to clarify that while the agency complies with the applicable court ruling, it intends to continue tying the scope of orphan-drug exclusivity to the uses or indications for which a drug is approved. This permits other sponsors to obtain approval of a drug for new uses or indications within the same orphan designated disease or condition that has not yet been approved. It is unclear how future litigation, legislation, agency decisions, and administrative actions will impact the scope of orphan drug exclusivity.

In June 2024, the U.S. Supreme Court overruled the Chevron doctrine, which gives deference to regulatory agencies' statutory interpretations in litigation against federal government agencies, such as the FDA, where the law is ambiguous. This landmark Supreme Court decision may invite various stakeholders to bring lawsuits against the FDA to challenge longstanding decisions and policies of the FDA, including the FDA's statutory interpretations of market exclusivities and the "substantial evidence" requirements for drug approvals, which could undermine the FDA's authority, lead to uncertainty in the industry, and disrupt the FDA's normal operations

Expedited Development and Review Programs

The FDA has a fast track program that is intended to expedite or facilitate the process for reviewing new drugs and biologics that meet certain criteria. Specifically, new drugs and biologics are eligible for fast track designation if they are intended to treat a serious or life-threatening condition and preclinical or clinical data demonstrate the potential to address unmet medical needs for the condition. Fast track designation applies to both the product and the specific indication for which it is being studied. The sponsor can request the FDA to designate the product for fast track status any time before receiving NDA or BLA approval, but ideally no later than the pre-NDA or pre-BLA meeting.

Any product submitted to the FDA for marketing, including under a fast track program, may be eligible for other types of FDA programs intended to expedite development and review, such as priority review and accelerated approval. Any product is eligible for priority review if it treats a serious or life-threatening condition and, if approved, would provide a significant improvement in safety and effectiveness compared to available therapies.

Additionally, a drug or biologic may be eligible for designation as a Breakthrough Therapy if the product is intended, alone or in combination with one or more other drugs or biologics, to treat a serious or life-threatening condition and preliminary clinical evidence indicates that the product may demonstrate substantial improvement over currently approved therapies on one or more clinically significant endpoints. Under the Breakthrough Therapy program, the sponsor of a new product candidate may request that the FDA designate the product candidate for a specific indication as a Breakthrough Therapy concurrent with, or after, the filing of the IND for the product candidate. The benefits of Breakthrough Therapy designation include the same benefits as fast track designation, plus intensive guidance from the FDA to ensure an efficient drug development program. The FDA must determine if the product candidate qualifies for Breakthrough Therapy designation within 60 days of receipt of the sponsor's request. The receipt of a Breakthrough Therapy designation for a drug may not result in a faster development process, review or approval compared to drugs considered for approval under conventional FDA procedures, and it would not assure ultimate approval by the FDA. The FDA may later decide that the product candidate no longer meets the conditions for qualification or it may decide that the time period for FDA review or approval will not be shortened. Fast track designation, priority review, accelerated approval and Breakthrough Therapy designation do not change the standards for FDA approval, but may expedite product development or approval process.

A product may also be eligible for accelerated approval, if it treats a serious or life-threatening condition and generally provides a meaningful advantage over available therapies. In addition, it must demonstrate an effect on a surrogate endpoint that is reasonably likely to predict clinical benefit or on a clinical endpoint that can be measured earlier than irreversible morbidity or mortality (IMM), which is reasonably likely to predict an effect on IMM or other clinical benefit. As a condition of approval, the FDA may require that a sponsor of a drug or biologic receiving accelerated approval perform adequate and well-controlled post-marketing clinical trials. If the FDA concludes that a drug or biologic shown to be effective can be safely used only if distribution or use is restricted, it may require such post-marketing restrictions as it deems necessary to assure safe use of the product. The Food and Drug Omnibus Reform Act (FDORA) reformed the accelerated approval pathway, such as requiring the FDA to specify conditions for post-approval study requirements and setting forth procedures for the FDA to withdraw a product on

an expedited basis for non-compliance with post-approval requirements. It is unclear how these proposals, future policy changes, and changes in FDA regulations will impact new drug applications in the treatment of Alzheimer's disease and our clinical development programs.

Abbreviated Licensure Pathway of Biological Products as Biosimilar or Interchangeable

The Patient Protection and Affordable Care Act, or ACA, signed into law in 2010, includes the Biologics Price Competition and Innovation Act of 2009 (BPCIA), which created an abbreviated approval pathway for biological products shown to be highly similar to an FDA-licensed reference biological product. BPCIA attempts to minimize duplicative testing, and thereby lower development costs and increase patient access to affordable treatments. An application for licensure of a biosimilar product must include information demonstrating biosimilarity based upon the following, unless the FDA determines otherwise:

- analytical studies demonstrating that the proposed biosimilar product is highly similar to the approved product notwithstanding minor differences in clinically inactive components;
- animal studies (including the assessment of toxicity); and
- a clinical trial or trials (including the assessment of immunogenicity and pharmacokinetic or pharmacodynamic) sufficient to demonstrate safety, purity, and potency in one or more conditions for which the reference product is licensed and intended to be used.
- In addition, an application must include information demonstrating that:
 - o the proposed biosimilar product and reference product utilize the same mechanism of action for the condition(s) of use prescribed, recommended or suggested in the proposed labeling, but only to the extent the mechanism(s) of action are known for the reference product;
 - o the condition or conditions of use prescribed, recommended or suggested in the labeling for the proposed biosimilar product have been previously approved for the reference product;
 - o the route of administration, the dosage form and the strength of the proposed biosimilar product are the same as those for the reference product; and
 - o the facility in which the biological product is manufactured, processed, packed or held meets standards designed to assure that the biological product continues to be safe, pure, and potent.

Biosimilarity means that the biological product is highly similar to the reference product notwithstanding minor differences in clinically inactive components; and that there are no clinically meaningful differences between the biological product and the reference product in terms of the safety, purity, and potency of the product. In addition, the law provides for a designation of “interchangeability” between the reference and biosimilar products, whereby the biosimilar may be substituted for the reference product without the intervention of the healthcare provider who prescribed the reference product. The higher standard of interchangeability must be demonstrated by information sufficient to show that:

- the proposed product is biosimilar to the reference product;
- the proposed product is expected to produce the same clinical result as the reference product in any given patient; and
- for a product that is administered more than once to an individual, the risk to the patient in terms of safety or diminished efficacy of alternating or switching between the biosimilar and the reference product is no greater than the risk of using the reference product without such alternation or switch.

FDA approval is required before a biosimilar may be marketed in the United States. However, complexities associated with the large and intricate structures of biological products and the process by which such products are manufactured pose significant hurdles to the FDA's implementation of the law that are still being worked out by the FDA. For example, the FDA has discretion over the kind and amount of scientific evidence—laboratory, preclinical and/or clinical—required to demonstrate biosimilarity to a licensed biological product.

The FDA intends to consider the totality of the evidence provided by a sponsor to support a demonstration of biosimilarity and recommends that sponsors use a stepwise approach in the development of their biosimilar

products. Biosimilar product applications thus may not be required to duplicate the entirety of preclinical and clinical testing used to establish the underlying safety and effectiveness of the reference product. However, the FDA may refuse to approve a biosimilar application if there is insufficient information to show that the active ingredients are the same or to demonstrate that any impurities or differences in active ingredients do not affect the safety, purity, or potency of the biosimilar product. In addition, as with BLAs, biosimilar product applications will not be approved unless the product is manufactured in facilities designed to assure and preserve the biological product's safety, purity, and potency.

The submission of a biosimilar application does not guarantee that the FDA will accept the application for filing and review, as the FDA may refuse to accept applications that it finds are insufficiently complete. The FDA will treat a biosimilar application or supplement as incomplete if, among other reasons, any applicable user fees assessed under the Biosimilar User Fee Act of 2012 have not been paid. In addition, the FDA may accept an application for filing but deny approval on the basis that the sponsor has not demonstrated biosimilarity, in which case the sponsor may choose to conduct further analytical, preclinical or clinical studies and submit a BLA for licensure as a new biological product.

The timing of final FDA approval of a biosimilar for commercial distribution depends on a variety of factors, including whether the manufacturer of the branded product is entitled to one or more statutory exclusivity periods, during which time the FDA is prohibited from approving any products that are biosimilar to the branded product. The FDA cannot approve a biosimilar application for 12 years from the date of first licensure of the reference product. Additionally, a biosimilar product sponsor may not submit an application for four years from the date of first licensure of the reference product. A reference product may also be entitled to exclusivity under other statutory provisions. For example, a reference product designated for a rare disease or condition (an orphan drug) may be entitled to seven years of exclusivity, in which case no product that is biosimilar to the reference product may be approved until either the end of the twelve-year period provided under the biosimilarity statute or the end of the seven-year orphan drug exclusivity period, whichever occurs later. In certain circumstances, a regulatory exclusivity period can extend beyond the life of a patent, and thus block biosimilarity applications from being approved on or after the patent expiration date. In addition, the FDA may under certain circumstances extend the exclusivity period for the reference product by an additional six months if the FDA requests, and the manufacturer undertakes, studies on the effect of its product in children, a so-called pediatric extension.

The first biological product determined to be interchangeable with a branded product for any condition of use is also entitled to a period of exclusivity, during which time the FDA may not determine that another product is interchangeable with the reference product for any condition of use. This exclusivity period extends until the earlier of: one year after the first commercial marketing of the first interchangeable product; 18 months after resolution of a patent infringement against the applicant that submitted the application for the first interchangeable product, based on a final court decision regarding all of the patents in the litigation or dismissal of the litigation with or without prejudice; 42 months after approval of the first interchangeable product, if a patent infringement suit against the applicant that submitted the application for the first interchangeable product is still ongoing; or 18 months after approval of the first interchangeable product if the applicant that submitted the application for the first interchangeable product has not been sued.

Post-Approval Requirements

Following approval of a new product, the manufacturer and the approved product are subject to continuing regulation by the FDA, including, among other things, monitoring and record-keeping requirements, requirements to report adverse experiences and comply with promotion and advertising requirements, which include restrictions on promoting drugs for unapproved uses or patient populations, known as "off-label use", and limitations on industry-sponsored scientific and educational activities. Although physicians may prescribe legally available drugs for off-label uses, manufacturers may not market or promote such uses. Prescription drug promotional materials must be submitted to the FDA in conjunction with their first use. Further, if there are any modifications to the drug or biologic, including changes in indications, labeling or manufacturing processes or facilities, the applicant may be required to submit and obtain FDA approval of a new NDA/BLA or NDA/BLA supplement, which may require the development of additional data or preclinical studies and clinical trials.

The FDA may also place other conditions on approvals including the requirement for REMS, to assure the safe use of the product. A REMS could include medication guides, physician communication plans or elements to assure safe use, such as restricted distribution methods, patient registries and other risk minimization tools. Any of

these limitations on approval or marketing could restrict the commercial promotion, distribution, prescription or dispensing of products. Product approvals may be withdrawn for non-compliance with regulatory standards or if problems occur following initial marketing.

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

- restrictions on the marketing or manufacturing of the product, complete withdrawal of the product from the market, or product recalls;
- fines, warning letters, or holds on post-approval clinical studies;
- refusal of the FDA to approve pending applications or supplements to approved applications;
- applications, 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 marketing, labeling, advertising and promotion of products that are placed on the market. Drugs and biologics 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.

Other U.S. Regulatory Matters

Manufacturing, sales, promotion and other activities following product approval are also subject to regulation by numerous regulatory authorities in the United States in addition to the FDA, including the Centers for Medicare and Medicaid Services, other divisions of the Department of Health and Human Services, the Department of Justice, the Drug Enforcement Administration, the Consumer Product Safety Commission, the Federal Trade Commission, the Occupational Safety & Health Administration, the Environmental Protection Agency, and state and local governments.

For example, in the United States, sales, marketing and scientific and educational programs also must comply with state and federal fraud and abuse laws. These laws include the federal Anti-Kickback Statute, which makes it illegal for any person, including a prescription drug manufacturer (or a party acting on its behalf), to knowingly and willfully solicit, receive, offer or pay any remuneration that is intended to induce or reward referrals, including the purchase, recommendation, order or prescription of a particular drug, for which payment may be made under a federal healthcare program, such as Medicare or Medicaid. Violations of this law are punishable by up to five years in prison, criminal fines, administrative civil money penalties and exclusion from participation in federal healthcare programs. Moreover, the ACA provides that the government may assert that a claim including items or services resulting from a violation of the federal Anti-Kickback Statute constitutes a false or fraudulent claim for purposes of the False Claims Act.

Pricing and rebate programs must comply with the Medicaid rebate requirements of the U.S. Omnibus Budget Reconciliation Act of 1990 and more recent requirements in the ACA. If products are made available to authorized users of the Federal Supply Schedule of the General Services Administration, additional laws and requirements apply. Products must meet applicable child-resistant packaging requirements under the U.S. Poison Prevention Packaging Act. Manufacturing, sales, promotion and other activities also are potentially subject to federal and state consumer protection and unfair competition laws.

The distribution of biologic and pharmaceutical products is subject to additional requirements and regulations, including extensive record-keeping, licensing, storage and security requirements intended to prevent the unauthorized sale of pharmaceutical products.

The failure to comply with any of these laws or regulatory requirements subjects firms to possible legal or regulatory action. Depending on the circumstances, failure to meet applicable regulatory requirements can result in criminal prosecution, fines or other penalties, injunctions, requests for recall, seizure of products, total or partial suspension of production, denial or withdrawal of product approvals or refusal to allow a firm to enter into supply contracts, including government contracts. Any action against us for violation of these laws, even if we successfully defend against it, could cause us to incur significant legal expenses and divert our management's attention from the operation of our business. Prohibitions or restrictions on sales or withdrawal of future products marketed by us could materially affect our business in an adverse way.

Changes in regulations, statutes or the interpretation of existing regulations and statutes could impact our business in the future by requiring, for example: changes to our manufacturing arrangements; additions or modifications to product labeling; the recall or discontinuation of our products; or additional record-keeping requirements. If any such changes were to be imposed, they could adversely affect the operation of our business. Likewise, the interpretation of federal law by regulatory agencies may change if judicial deference to such agencies' interpretation is limited or eliminated. The judiciary may change the agencies' interpretation of federal law in a way that has a negative impact on the operation of our business.

U.S. Patent-Term Restoration and Marketing Exclusivity

Depending upon the timing, duration and specifics of FDA approval of any future product candidates, some of our U.S. patents may be eligible for limited patent term extension under the Hatch-Waxman Act. The Hatch-Waxman Act permits restoration of the patent term of up to five years as compensation for patent term lost during product development and FDA regulatory review process. Patent-term restoration, however, cannot extend the remaining term of a patent beyond a total of 14 years from the product's approval date. The patent-term restoration period is generally one-half the time between the effective date of an IND and the submission date of an NDA or BLA plus the time between the submission date of an NDA or BLA and the approval of that application, except that the review period is reduced by any time during which the applicant failed to exercise due diligence. Only one patent applicable to an approved drug is eligible for the extension and the application for the extension must be submitted prior to the expiration of the patent. The United States Patent and Trademark Office (USPTO), in consultation with the FDA, reviews and approves the application for any patent term extension or restoration. In the future, we may apply for restoration of patent term for our currently owned or licensed patents to add patent life beyond its current expiration date, depending on the expected length of the clinical trials and other factors involved in the filing of the relevant NDA or BLA.

Market exclusivity provisions under the FDCA also can delay the submission or the approval of certain applications. The FDCA provides a five-year period of non-patent marketing exclusivity within the United States to the first applicant to gain approval of a NDA for a new chemical entity. A drug is a new chemical entity if the FDA has not previously approved any other new drug containing the same active moiety, which is the molecule or ion responsible for the action of the drug substance. During the exclusivity period, the FDA may not accept for review an abbreviated new drug application (ANDA), or a 505(b)(2) NDA submitted by another company for another version of such drug where the applicant does not own or have a legal right of reference to all the data required for approval. However, an application may be submitted after four years if it contains a certification of patent invalidity or non-infringement. The FDCA also provides three years of marketing exclusivity for a NDA, 505(b)(2) NDA or supplement to an existing NDA if new clinical investigations, other than bioavailability studies, that were conducted or sponsored by the applicant are deemed by the FDA to be essential to the approval of the application, for example, new indications, dosages or strengths of an existing drug. This three-year exclusivity covers only the conditions of use associated with the new clinical investigations and does not prohibit the FDA from approving ANDAs for drugs containing the original active agent. Five-year and three-year exclusivity will not delay the submission or approval of a full NDA. However, an applicant submitting a full NDA would be required to conduct or obtain a right of reference to all of the preclinical studies and adequate and well-controlled clinical trials necessary to demonstrate safety and effectiveness.

A reference biological product is granted 12 years of data exclusivity from the time of first licensure of the product, and the FDA will not accept an application for a biosimilar or interchangeable product based on the reference biological product until four years after the date of first licensure of the reference product. "First licensure" typically means the initial date the particular product at issue was licensed in the United States. Date of first licensure does not include the date of licensure of (and a new period of exclusivity is not available for) a biological product if the licensure is for a supplement for the biological product or for a subsequent application by

the same sponsor or manufacturer of the biological product (or licensor, predecessor in interest or other related entity) for a change (not including a modification to the structure of the biological product) that results in a new indication, route of administration, dosing schedule, dosage form, delivery system, delivery device or strength or for a modification to the structure of the biological product that does not result in a change in safety, purity, or potency. Therefore, one must determine whether a new product includes a modification to the structure of a previously licensed product that results in a change in safety, purity, or potency to assess whether the licensure of the new product is a first licensure that triggers its own period of exclusivity. Whether a subsequent application, if approved, warrants exclusivity as the “first licensure” of a biological product is determined on a case-by-case basis with data submitted by the sponsor.

European Union Drug Development

Similar to the United States, the various phases of preclinical and clinical research in the European Union are subject to significant regulatory controls. Although the EU Clinical Trials Directive 2001/20/EC (Directive) has sought to harmonize the EU clinical trials regulatory framework, setting out common rules for the control and authorization of clinical trials in the EU, the EU Member States have transposed and applied the provisions of the Directive differently. This has led to significant variations in the member state regimes. Under the current regime, before a clinical trial can be initiated it must be approved in each of the EU countries where the trial is to be conducted by two distinct bodies: the National Competent Authority (NCA), and one or more Ethics Committees (ECs). Under the current regime all suspected unexpected serious adverse reactions to the investigated drug that occur during the clinical trial have to be reported to the NCA and ECs of the Member State where they occurred.

The Clinical Trials Regulation EU No 536/2014, which replaced the Clinical Trials Directive and entered into application on January 31, 2022, is intended to simplify the current rules for clinical trial authorization and is aimed at harmonizing and streamlining clinical-trial authorization, simplifying adverse-event reporting procedures, improving the supervision of clinical trials and increasing their transparency.

European Union Drug Review and Approval

In the European Economic Area (EEA), which is comprised of the 27 Member States of the European Union (including Norway and excluding Croatia), Iceland and Liechtenstein, medicinal products can only be commercialized after obtaining a Marketing Authorization (MA). There are two types of marketing authorizations.

- The Community MA is issued by the European Commission through the Centralized Procedure, based on the opinion of the Committee for Medicinal Products for Human Use (CHMP), of the EMA, and is valid throughout the entire territory of the EEA. The Centralized Procedure is mandatory for certain types of products, such as biotechnology medicinal products, orphan medicinal products, advanced-therapy medicines such as gene-therapy, somatic cell-therapy or tissue-engineered medicines and medicinal products containing a new active substance indicated for the treatment of HIV, AIDS, cancer, neurodegenerative disorders, diabetes, auto-immune and other immune dysfunctions and viral diseases. The Centralized Procedure is optional for products containing a new active substance not yet authorized in the EEA, or for products that constitute a significant therapeutic, scientific or technical innovation or which are in the interest of public health in the EU.
- National MAs, which are issued by the competent authorities of the Member States of the EEA and only cover their respective territory, are available for products not falling within the mandatory scope of the Centralized Procedure. Where a product has already been authorized for marketing in a Member State of the EEA, this National MA can be recognized in another Member States through the Mutual Recognition Procedure. If the product has not received a National MA in any Member State at the time of application, it can be approved simultaneously in various Member States through the Decentralized Procedure. Under the Decentralized Procedure an identical dossier is submitted to the competent authorities of each of the Member States in which the MA is sought, one of which is selected by the applicant as the Reference Member State (RMS). The competent authority of the RMS prepares a draft assessment report, a draft summary of the product characteristics (SPC), and a draft of the labeling and package leaflet, which are sent to the other Member States (referred to as the Member States Concerned) for their approval. If the Member States Concerned raise no objections, based on a potential serious risk to public health, to the assessment, SPC, labeling or packaging proposed by the

RMS, the product is subsequently granted a national MA in all the Member States (i.e., in the RMS and the Member States Concerned).

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

Coverage and Reimbursement

Sales of our products will depend, in part, on the extent to which our products will be covered by third-party payors, such as government health programs, commercial insurance, and managed healthcare organizations. In the United States, no uniform policy of coverage and reimbursement for drug or biological products exists. Accordingly, decisions regarding the extent of coverage and amount of reimbursement to be provided for any of our products will be made on a payor-by-payor basis. As a result, the coverage determination process is often a time-consuming and costly process that will require us to provide scientific and clinical support for the use of our products to each payor separately, with no assurance that coverage and adequate reimbursement will be obtained.

The United States government, state legislatures, and foreign governments have shown significant interest in implementing cost containment programs to limit the growth of government-paid healthcare costs, including price-controls, restrictions on reimbursement, and requirements for substitution of generic products for branded prescription drugs. For example, the ACA contains provisions that may reduce the profitability of drug products through increased rebates for drugs reimbursed by Medicaid programs, extension of Medicaid rebates to Medicaid managed care plans, mandatory discounts for certain Medicare Part D beneficiaries and annual fees based on pharmaceutical companies' share of sales to federal health care programs. Adoption of general controls and measures, coupled with the tightening of restrictive policies in jurisdictions with existing controls and measures, could limit payments for pharmaceutical drugs.

The Medicaid Drug Rebate Program requires pharmaceutical manufacturers to enter into and have in effect a national rebate agreement with the Secretary of the Department of Health and Human Services as a condition for states to receive federal matching funds for the manufacturer's outpatient drugs furnished to Medicaid patients. The ACA made several changes to the Medicaid Drug Rebate Program, including increasing pharmaceutical manufacturers' rebate liability by raising the minimum basic Medicaid rebate on most branded prescription drugs from 15.1% of average manufacturer price (AMP), to 23.1% of AMP and adding a new rebate calculation for "line extensions" (i.e., new formulations, such as extended release formulations) of solid oral dosage forms of branded products, as well as potentially impacting their rebate liability by modifying the statutory definition of AMP. The ACA also expanded the universe of Medicaid utilization subject to drug rebates by requiring pharmaceutical manufacturers to pay rebates on Medicaid managed care utilization and by enlarging the population potentially eligible for Medicaid drug benefits. The Centers for Medicare and Medicaid Services have proposed to expand Medicaid rebate liability to the territories of the United States as well.

The Medicare Prescription Drug, Improvement, and Modernization Act of 2003 (MMA) established the Medicare Part D program to provide a voluntary prescription drug benefit to Medicare beneficiaries. Under Part D, Medicare beneficiaries may enroll in prescription drug plans offered by private entities that provide coverage of outpatient prescription drugs. Unlike Medicare Part A and B, Part D coverage is not standardized. While all Medicare drug plans must give at least a standard level of coverage set by Medicare, Part D prescription drug plan sponsors are not required to pay for all covered Part D drugs, and each drug plan can develop its own drug formulary that identifies which drugs it will cover and at what tier or level. However, Part D prescription drug formularies must include drugs within each therapeutic category and class of covered Part D drugs, though not necessarily all the drugs in each category or class. Any formulary used by a Part D prescription drug plan must be developed and reviewed by a pharmacy and therapeutic committee. Government payment for some of the costs of prescription drugs may increase demand for products for which we receive marketing approval. However, any negotiated prices for our products covered by a Part D prescription drug plan likely will be lower than the prices we might otherwise obtain. Moreover, while the MMA applies only to drug benefits for Medicare beneficiaries, private payors often follow Medicare coverage policy and payment limitations in setting their own payment rates. Any reduction in payment that results from the MMA may result in a similar reduction in payments from non-governmental payors.

For a drug product to receive federal reimbursement under the Medicaid or Medicare Part B programs or to be sold directly to U.S. government agencies, the manufacturer must extend discounts to entities eligible to participate

in the 340B drug pricing program. The required 340B discount on a given product is calculated based on the AMP and Medicaid rebate amounts reported by the manufacturer.

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

The American Rescue Plan Act of 2021 eliminated the statutory cap on Medicaid Drug Rebate Program rebates that manufacturers pay to state Medicaid programs. Elimination of this cap may require pharmaceutical manufacturers to pay more in rebates than they receive on the sale of approved products, which could have a material impact on our business.

In August 2022, Congress passed the Inflation Reduction Act of 2022, which includes prescription drug provisions that have significant implications for the pharmaceutical industry and Medicare beneficiaries, including allowing the federal government to negotiate a maximum fair price for certain high-priced single source Medicare drugs, imposing penalties and excise tax for manufacturers that fail to comply with the drug price negotiation requirements, requiring inflation rebates for all Medicare Part B and Part D drugs, with limited exceptions, if their drug prices increase faster than inflation, and redesigning Medicare Part D to reduce out-of-pocket prescription drug costs for beneficiaries, among other changes. In March 2023, the Centers for Medicare and Medicaid Services (CMS) published its first guidance on how negotiations will be conducted, starting in 2026 for high expenditure drugs as determined and selected by Health and Human Services. In June 2023, CMS issued a revised guidance for the Medicare Drug Price Negotiation Program under the Inflation Reduction Act. In August 2024, CMS released the first set of negotiated prices for ten drugs under the Medicare Drug Price Negotiation Program for 2026. Various industry stakeholders, including pharmaceutical companies and the Pharmaceutical Research and Manufacturers of America, have initiated lawsuits against the federal government asserting that the price negotiation provisions of the Inflation Reduction Act are unconstitutional. The impact of these judicial challenges as well as future legislative, executive, and administrative actions under the new presidential administration, including significant leadership changes at HHS, CMS and FDA, and new agency rules implemented by the government on us and the pharmaceutical industry as a whole is unclear. The implementation of cost containment measures or other healthcare reforms may prevent us from being able to generate revenue, attain profitability, or commercialize our product candidates if approved.

Further, many states have proposed or enacted legislation, administrative actions, and government programs that seek to indirectly or directly regulate pharmaceutical drug pricing, such as by requiring biopharmaceutical manufacturers to publicly report proprietary pricing information or to place a maximum price ceiling on pharmaceutical products purchased by state agencies. In January 2024, the FDA authorized the state of Florida to import certain prescription drugs from Canada for a period of two years to help reduce drug costs, provided that Florida's Agency for Health Care Administration meets the requirements set forth by the FDA. Other states may follow Florida. Additionally, a number of states are considering or have recently enacted state drug price transparency and reporting laws that could substantially increase our compliance burdens and expose us to greater liability under such state laws once we begin commercialization after obtaining regulatory approval for any of our product candidates. Such initiatives, state drug importation programs, and legislation may affect the prices we may obtain for any of our product candidates for which we may obtain regulatory approval or the demand for any such product candidate, if approved. The full impact of the state importation program on our industry and our business is unclear.

As noted above, the marketability of any products for which we receive regulatory approval for commercial sale may suffer if the government and third-party payors fail to provide adequate coverage and reimbursement. An increasing emphasis on cost containment measures in the United States has increased and we expect will continue to increase the pressure on pharmaceutical pricing. Coverage policies and third-party reimbursement rates may change at any time. Even if favorable coverage and reimbursement status is attained for one or more products for which we receive regulatory approval, less favorable coverage policies and reimbursement rates may be implemented in the future.

In addition, in most foreign countries, the proposed pricing for a drug must be approved before it may be lawfully marketed. The requirements governing drug pricing and reimbursement vary widely from country to country. For example, the European Union provides options for its member states to restrict the range of medicinal

products for which their national health insurance systems provide reimbursement and to control the prices of medicinal products for human use. A member state may approve a specific price for the medicinal product or it may instead adopt a system of direct or indirect controls on the profitability of the company placing the medicinal product on the market. 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 of our products. Historically, products launched in the European Union do not follow price structures of the United States and generally prices tend to be significantly lower.

Scientific Advisory Board

We have assembled a highly qualified scientific advisory board comprised of advisors who have, collectively, deep expertise in neurodegenerative diseases, genomics, protein engineering, drug development, and drug discovery as well as translational medicine. Our scientists work in collaboration with these advisors to identify new disease targets, develop a biomarker strategy, and accelerate discovery and development.

Name	Affiliated Entity
Adam Boxer, M.D., Ph.D.	Department of Neurology at University of California, San Francisco
Stephen L. Hauser, M.D.	Department of Neurology at University of California, San Francisco
Michael Heneka, M.D.	Luxembourg Centre for Systems Biomedicine at University of Luxembourg
Peter Heutink	Professor of Functional Genomics of Aging and Neurodegeneration at the Faculty of Medical Sciences of the University of Groningen, The Netherlands
Martin Kampmann, Ph.D.	Department of Biochemistry and Biophysics, University of California, San Francisco Weill Institute for Neurosciences
Richard Scheller, Ph.D.	National Academy of Sciences and National Institute of Medicine
Thomas C. Südhof, M.D., Ph.D.	Departments of Molecular and Cellular Physiology and Neurosurgery at Stanford University

Human Capital Resources

Our human capital resources are a key factor in our ability to achieve our mission. We believe that our future success depends, in part, on our ability to continue to identify, recruit, retain, incentivize, and integrate our employees, advisors, and consultants.

Employee Profile

As of December 31, 2024, we had 238 full-time employees, 76% of whom were engaged in research and development activities. The workforce has subsequently been reduced as we have initiated the reduction-in-force of approximately 17% that was announced in November 2024. The majority of our employees work out of our headquarters location in South San Francisco; and the remainder of our team members work remotely. None of our employees are represented by a labor union or party to a collective bargaining agreement.

Diversity and Inclusion

Our employees represent a broad range of backgrounds and bring a wide array of perspectives and experiences to the company. We are committed to building an open, diverse, and inclusive environment for everyone, as we believe this fosters greater innovation and furthers our mission. We have made efforts to ensure that our job postings, hiring process, and people programs are unbiased and are fair and equitable to all. As of December 31, 2024, approximately 59% of our workforce, 60% of Research & Development, and 55% of people managers were female. As of December 31, 2024, ethnic or racial minorities represented approximately 53% of our workforce, 56% of Research & Development, and 40% of our people managers.

We do not tolerate discrimination or harassment of or retaliation against our employees, job applicants, contractors, consultants, interns, or volunteers, and we have a longstanding anti-harassment policy. We have created multiple safe avenues for employees to submit concerns, including an anonymous hotline that goes directly to our head of compliance. We have a formal process and policy for the submission and treatment of complaints.

Employee Compensation and Benefits

The principal purpose of our compensation program is to attract, retain, and reward employees who share our vision and are deeply connected to our mission. We achieve this purpose through the granting of cash-based and stock-based compensation awards and the provision of meaningful benefits. Our compensation and benefits include:

- Competitive employee base salaries and short-term incentive bonus opportunities;
- Stock-based compensation awards to encourage an ownership mindset and align employees to Alector's long-term success;
- Retirement savings options and matching contributions;
- Healthcare and other benefits for all full-time employees and their dependents, including dedicated mental health, fertility, and caregiving programs;
- Generous paid time off for all full-time employees; and
- Parental leave and other leave options available to all employees.

Employee Growth and Development

We are committed to employee growth and development, and we support this in a variety of ways, including through a seminar program of visiting academics, in-house training programs (for all employees and specifically for people managers to ensure quality management of their direct reports and teams), and quarterly employee/manager check-ins to discuss career development goals and success. Additional opportunities are available to employees, including opportunities to attend external conferences or receive training. We encourage ongoing feedback, improvement, and growth for our employees, and we have incorporated those principles into our values, particularly the value "Embrace Feedback – and a growth mindset."

Employee Wellness, Health, and Safety

The well-being of Alector's employees is critical to our business success, and we have designed our health and safety programs to reflect our commitment to a safe working environment that is in-line with regulatory standards. We mandate Environmental Health and Safety (EH&S) training for all new employees and annual refresher training to ensure awareness of current policy and procedures. Additionally, we require job-specific technical and safety training for employees in laboratories and specialized work environments. We conduct internal safety inspections to ensure a continued safe working environment and to monitor employee adherence to policies and procedures. In addition, we engage with third-party EH&S providers to review our programs and ensure compliance with regulatory health and safety standards.

Flexible Work Options

The global pandemic taught us that great work can be accomplished in a variety of work environments. We embraced the principle of flexibility and moved to a hybrid working model for all whose roles allow for it. We empower our people to deliver great results by giving team members choice and flexibility about their work environment where possible, so that our employees can contribute productively.

Corporate Information

We were initially formed as a limited liability company in Delaware in May 2013 under the name Alector LLC and completed our restructuring to a Delaware corporation in October 2017 under the name Alector, Inc. Our principal executive offices are located at 131 Oyster Point Boulevard, Suite 600, South San Francisco, California 94080. Our telephone number is 415-231-5660. Our website address is www.alector.com. Information contained on, or that can be accessed through, our website is not incorporated by reference in this Annual Report on Form 10-K or in any other filings we make with the Securities and Exchange Commission (SEC).

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

We use Alector, the Alector logo, and other marks as trademarks in the United States and other countries. This report contains references to our trademarks and service marks and to those belonging to other entities. Solely for convenience, trademarks and trade names referred to in this report, including logos, artwork, and other visual displays, may appear without the ® or TM symbols, but such references are not intended to indicate in any way that we will not assert, to the fullest extent under applicable law, our rights, or the rights of the applicable licensor to these trademarks and trade names. We do not intend our use or display of other entities' trade names, trademarks, or service marks to imply a relationship with, or endorsement or sponsorship of us by, any other entity.

Channels for Disclosure of Information

Investors and others should note that we may announce material business and financial information to our investors using our investor relations website (<https://investors.alector.com>), SEC filings, webcasts, press releases, corporate decks provided on our website, and conference calls. We use these mediums, including our website, to communicate with our members and the public about our company, our products, and other issues. It is possible that the information that we make available may be deemed to be material information. We therefore encourage our investors and others interested in our company to review the information that we make available on our website.

Item 1A. Risk Factors.

Investing in our common stock involves a high degree of risk. You should carefully consider the risks described below, as well as the other information in this Annual Report on Form 10-K, including our financial statements and the related notes and the section titled “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” and in our other public filings, in evaluating our business. The occurrence of any of the events or developments described below could harm our business, financial condition, results of operations, and growth prospects. In such an event, the market price of our common stock could decline, and you may lose all or part of your investment. Additional risks and uncertainties not presently known to us or that we currently deem immaterial also may impair our business operations and the market price of our common stock.

Summary of Risk Factors

Our business is subject to numerous risks and uncertainties that you should consider before investing in our company, as more fully described below. The principal factors and uncertainties that make investing in our company risky include, among others:

- We are in various stages of drug development and have a limited operating history and no products approved for commercial sale, which may make it difficult to evaluate our current business and predict our future success and viability.
- We have incurred significant net losses in each year since our inception and anticipate that we will continue to incur net losses for the foreseeable future.
- Drug development is a highly uncertain undertaking and involves a substantial degree of risk.
- We and our collaboration partners rely on service providers, including CDMOs and contract research organizations (CROs), for our research and product development activities and product candidates. If we cannot obtain products or use services from these CDMOs and CROs at an acceptable cost or at all, our business would be adversely affected.
- We will need to obtain substantial additional financing to complete the development and any commercialization of our product candidates, and a failure to obtain this necessary capital when needed on acceptable terms, or at all, could force us to delay, limit, reduce, or terminate our commercialization efforts, product development, or other operations.
- Due to the significant resources required for the development of our product candidates, and depending on our ability to access capital, we must prioritize development of certain product candidates. Moreover, we may expend our limited resources on programs that do not yield a successful product candidate or fail to capitalize on product candidates or indications that may be more profitable or for which there is a greater likelihood of success.
- Research and development of biopharmaceutical products is inherently risky. Our business is heavily dependent on the successful development of our product candidates, which are in various stages of preclinical and clinical development. We cannot give any assurance that any of our product candidates will receive regulatory, including marketing, approval, which is necessary before they may be commercialized.
- We may not be successful in our efforts to continue to create a pipeline of product candidates from our research and drug discovery platform or to develop commercially successful products. If we fail to successfully identify and develop additional product candidates from our research and drug discovery platform, our commercial opportunity may be limited.
- We may not be successful in our efforts to carry out our obligations under our collaborations for our product development and research programs; for instance, without limitation, we may not complete in a timely manner or at all our contractual obligations to GSK.
- We may not be successful in our efforts to obtain approval for additional or expanded indications for any product candidates that receive approval for a given indication.
- We have concentrated a substantial portion of our research and development efforts on the treatment of neurodegenerative diseases, a field that has seen both limited success in drug development and evolving standards for regulatory approval.

- We may not accurately predict the time and cost of development and subsequent regulatory approval for our product candidates, which are based on innovative approaches and technologies to address the complex mechanisms underlying neurodegeneration.
- We may not be successful in developing product candidates that effectively compete with therapeutics that are developed or commercialized by our competitors, including therapeutics that affect the same biological targets or pathways.
- We may encounter substantial delays in our clinical trials or may not be able to conduct or complete our clinical trials on the timelines we expect, if at all.
- Our clinical trials may reveal significant adverse events, toxicities, or other side effects and may fail to demonstrate substantial evidence of the safety and efficacy of our product candidates, which would prevent, delay, or limit the scope of regulatory approval and commercialization.
- Our operations and financial results could be adversely impacted by the effects of worldwide economic conditions, including macroeconomic downturns stemming from increased inflation, supply chain and other economic impacts of pandemics or other public health outbreaks and geopolitical events and conflicts.
- We are highly dependent on our key personnel, and if we are not successful in attracting, motivating, and retaining highly qualified personnel, including as a result of layoffs and furloughs, pausing of recruiting efforts, or regrettable employee attrition, we may not be able to successfully implement our business strategy.
- The market price of our common stock has been, and may continue to be, volatile, which could result in substantial losses for investors and could negatively impact our ability to conduct additional fundraising in the public markets.
- Our existing cash, cash equivalents, and marketable securities may not be sufficient to fund our future operating expenses and capital expenditure requirements.
- Our existing or future indebtedness and any associated debt covenants on our business and growth prospects.

Risks Related to Our Business, Financial Condition, and Capital Requirements

We are in various stages of drug development and have a limited operating history and no products approved for commercial sale, which may make it difficult to evaluate our current business and predict our future success and viability.

We are a late-stage clinical biotechnology company with a limited operating history, focused primarily on developing therapeutics for neurodegenerative diseases, including FTD, Alzheimer's disease, and Parkinson's disease. We commenced operations in May 2013. To date, we have financed our operations primarily through equity and debt financings and upfront payments received in connection with the GSK Agreement and our collaboration agreement with AbbVie Biotechnology, Ltd. (AbbVie) to co-develop antibodies to two program targets in preclinical development (AbbVie Agreement) entered into in October 2017. We have no products approved for commercial sale and have not generated any revenue from product sales. Drug development is a highly uncertain undertaking and involves a substantial degree of risk. Our product candidate latozinemab is in a Phase 3 clinical trial and our product candidate AL101 is in a Phase 2 clinical trial. In November 2024, we decided to stop the long term extension study of our product candidate AL002 based on the results of the INVOKE-2 Phase 2 clinical trial evaluating the safety and efficacy of AL002 in slowing disease progression in individuals with early AD. AL002 failed to meet the primary endpoint in that trial. In January 2025, AbbVie decided to terminate the TREM2 collaboration program, under which AL002 was being developed, which resulted in termination of the AbbVie Agreement. AbbVie had previously decided in 2022 to terminate the CD33 collaboration program, after we and AbbVie concluded that further development of AL003, the asset being developed under that program, was not warranted. In the third quarter of 2023, we inactivated the IND application for AL101 in FTD, given that we and GSK plan to develop AL101 for the potential treatment of larger indications, including Alzheimer's disease and Parkinson's disease. We previously decided to close the Phase 1 clinical trial for our AL044 product candidate based on initial pharmacokinetics and tolerability data. We inactivated the IND for AL044 in the third quarter of 2023. To date, we have not completed a pivotal clinical trial, obtained marketing approval for any product candidates,

manufactured a commercial scale product, or arranged for a third party to do so on our behalf, or conducted sales and marketing activities necessary for successful product commercialization. Our limited operating history as a company makes any assessment of our future success and viability subject to significant uncertainty.

We will encounter risks and difficulties frequently experienced by clinical-stage biotechnology companies in rapidly evolving fields, and we have not yet demonstrated an ability to successfully overcome such risks and difficulties. If we do not address these risks and difficulties successfully, our business will suffer.

We have incurred significant net losses in each year since our inception and anticipate that we will continue to incur net losses for the foreseeable future.

We have incurred net losses in each year since our inception. We incurred net losses of \$119.0 million, \$130.4 million, and \$133.3 million for the years ended December 31, 2024, 2023, and 2022, respectively. As of December 31, 2024, we had an accumulated deficit of \$829.1 million.

We have invested significant financial resources in research and development activities, including for our preclinical and clinical product candidates. We do not expect to generate revenue from product sales for several years, if at all. The revenue we have generated from our collaboration arrangements with AbbVie and GSK has been, and from our collaboration arrangement with GSK is expected to continue to be, variable and limited in amount. For our collaborations with AbbVie and GSK, we have recognized, and for our collaboration with GSK we will continue to recognize, collaboration revenue by measuring the progress towards complete satisfaction of each performance obligation measured as the program costs are incurred. The amount of our future net losses will depend, in part, on the level of our future expenditures and revenue. Moreover, our net losses may fluctuate significantly from quarter to quarter and year to year, such that a period-to-period comparison of our results of operations may not be a good indication of our future performance.

On July 1, 2021, we entered into an agreement with GSK to collaborate on the global development and commercialization of progranulin-elevating monoclonal antibodies, including latozinemab and AL101. Under the terms of the GSK Agreement, we received \$700 million in upfront payments, of which \$500 million was received in August 2021 and \$200 million was received in January 2022. In addition, we will be eligible to receive up to an additional \$1.5 billion in clinical development, regulatory, and commercial launch-related milestone payments for latozinemab and AL101.

Developing our product candidates is expensive, and we expect to continue to spend substantial amounts as we fund our early-stage research projects and continue to advance our programs through preclinical and clinical development. Even if we are successful in developing our product candidates and obtaining regulatory approvals, launching and commercializing any product candidate will require substantial additional funding.

We expect to continue to incur significant expenses and increasingly higher operating losses for the foreseeable future. We anticipate that our expenses will increase substantially if and as we:

- continue our research and drug discovery activities;
- advance our research and development pipeline, including our target, indication, patient, and biomarker selections;
- continue to develop and apply our ABC technology to potentially enhance our current and future product candidates' penetration of the blood-brain barrier;
- progress our current and any future product candidates through preclinical and clinical development;
- initiate and conduct additional preclinical, clinical, or other studies for our product candidates and future commercial products;
- work with our CDMOs to scale up the manufacturing processes for our product candidates or, in the future, establish and operate a manufacturing facility;
- change or add contract manufacturers or suppliers for our product candidates and future commercial products;
- seek regulatory approvals and marketing authorizations for our product candidates;

- establish sales, marketing, and distribution infrastructure to commercialize any products for which we obtain approval;
- make milestone, royalty, or other payments due under any license or collaboration agreements;
- take steps to seek protection of our intellectual property and defend our intellectual property against challenges from third parties;
- obtain, maintain, protect, and enforce our intellectual property portfolio, including intellectual property obtained through license and collaboration agreements;
- attract, hire, and retain qualified personnel
- provide additional internal infrastructure to support our continued research and development operations and any planned commercialization efforts in the future;
- implement additional internal systems and infrastructure related to cybersecurity;
- make required payments under the Loan Agreement (defined below);
- meet the requirements and demands of being a public company;
- withstand periods of high rates of inflation; and
- defend against any product liability claims or other lawsuits related to our products.

Our prior losses and expected future losses have had and will continue to have an adverse effect on our stockholders' equity and working capital. In any particular quarter or quarters, our operating results could be below the expectations of securities analysts or investors, which could cause our stock price to decline.

Drug development is a highly uncertain undertaking and involves a substantial degree of risk.

We have no products approved for commercial sale. To obtain revenues from the sales of our product candidates that are significant or large enough to achieve profitability, we must succeed, either alone or with third parties, in developing, obtaining regulatory approval for, manufacturing, and marketing therapies with significant commercial success. Our ability to generate revenue and achieve profitability depends on many factors, including:

- completing research and preclinical and clinical development of our product candidates;
- obtaining regulatory approvals and marketing authorizations for product candidates for which we successfully complete clinical development and clinical trials;
- developing a sustainable and scalable manufacturing process for our product candidates and future commercial products;
- establishing and maintaining commercially viable supply relationships with third parties that can provide adequate products and services to support clinical activities and commercial demand of our product candidates and future commercial products;
- identifying, assessing, acquiring, and/or developing new product candidates;
- negotiating favorable terms in any collaboration, licensing, or other arrangements into which we may enter;
- launching and successfully commercializing product candidates for which we obtain regulatory and marketing approval, whether alone or in collaboration with a partner, including the establishment of any necessary sales, marketing, and distribution infrastructure;
- obtaining and maintaining an adequate price for any future commercial products, both in the United States and in foreign countries where our products are commercialized;
- obtaining adequate reimbursement for our product candidates and future commercial products from payors;

- obtaining market acceptance of our product candidates and future commercial products as viable treatment options;
- addressing any competing technological and market developments;
- receiving milestones and other payments under our current and any future collaboration arrangements;
- addressing impacts on our clinical trials resulting from factors related to the effects of worldwide economic conditions, including macroeconomic downturns stemming from increased inflation, supply chain disruption and other economic impacts of pandemics or other public health outbreaks and geopolitical events and conflicts;
- maintaining, protecting, expanding, and enforcing our portfolio of intellectual property rights, including patents, trade secrets, and know-how; and
- attracting, hiring, and retaining qualified personnel in a competitive compensation environment.

To date, clinical development of three of our product candidates has been terminated. In November 2024, we decided to stop the long term extension study of our product candidate AL002 based on the results of the INVOKE-2 Phase 2 clinical trial evaluating the safety and efficacy of AL002 in slowing disease progression in individuals with early AD. AL002 failed to meet the primary endpoint in that trial. In January 2025, AbbVie decided to terminate the TREM2 collaboration program, under which AL002 was being developed. AbbVie had previously decided in 2022 to terminate our CD33 collaboration program, after we and AbbVie concluded that further development of AL003, the asset being developed under that program, was not warranted. Additionally, we decided to close the Phase 1 clinical trial for our AL044 product candidate based on initial pharmacokinetics and tolerability data. Because of the numerous risks and uncertainties associated with drug development, we are unable to predict the timing or amount of our expenses, or when we will be able to generate any meaningful revenue or achieve or maintain profitability, if ever. In addition, our expenses could increase beyond our current expectations if we are required by the FDA or foreign regulatory agencies to perform studies in addition to those that we currently anticipate, or if there are any delays in any of our or our current or future collaborators' clinical trials or the development of any of our product candidates. Even if one or more of our product candidates is approved for commercial sale, we anticipate incurring significant costs associated with launching and commercializing any approved product candidate and ongoing compliance efforts.

We will need to obtain substantial additional financing to complete the development and any commercialization of our product candidates, and a failure to obtain this necessary capital when needed on acceptable terms, or at all, could force us to delay, limit, reduce, or terminate our commercialization efforts, product development, or other operations.

Our operations have required substantial amounts of cash since inception, and we expect our expenses to increase significantly in the foreseeable future. To date, we have financed our operations primarily through the sale of equity securities and upfront payments received in connection with our collaboration arrangements with AbbVie and GSK. Developing our product candidates and conducting clinical trials for the treatment of neurodegenerative diseases, including FTD, Alzheimer's disease, and Parkinson's disease, will require substantial amounts of capital. Even if our clinical trials are successful, preparing for and applying for regulatory approval of our product candidates will require a significant amount of capital, and if we do not have sufficient capital, we may be unable to seek regulatory approval, or regulatory approval may be significantly delayed, in any or all desired markets. Likewise, even if our product candidates are approved, commercialization of our product candidates will require a significant amount of capital, and if we do not have sufficient capital, we may be unable to commercialize our approved products, or commercialization of such products may be significantly delayed, in any or all desired markets.

As of December 31, 2024, we had cash, cash equivalents, and marketable securities of \$413.4 million, which we anticipate provides runway through 2026. Our estimate as to how long we expect our existing cash, cash equivalents, and marketable securities to be available to fund our operations is based on assumptions that may prove to be inaccurate, and we could use our available capital resources sooner than we currently expect. In addition, changing circumstances, including periods of rising inflation, may cause us to increase our spending significantly faster than we currently anticipate, and we may need to spend more money than currently expected because of

circumstances beyond our control. We may need to raise additional funds sooner than we anticipate if we choose to grow more rapidly than we presently anticipate.

Global markets recently have experienced volatility and instability in connection with macroeconomic downturns stemming from increased inflation, supply chain disruption and other economic impacts of pandemics or other public health outbreaks and geopolitical events, including the ongoing conflict between Russia and Ukraine, associated sanctions targeting Russia, and the ongoing conflict in the Middle East, among other matters. In addition, the public market for and stock prices of biotechnology companies have experienced significant downturns over the last few years. Our ability to raise money in the public markets may be severely impacted for the foreseeable future due to these factors. Additional capital may not be available when we need it, on terms acceptable to us, or at all. If adequate capital is not available to us on a timely basis, we may be required to significantly delay, scale back, or discontinue our research and development programs or the commercialization of any product candidates, if approved, or be unable to continue or expand our operations, or otherwise capitalize on our business opportunities, as desired, which could materially affect our business, financial condition, results of operations, and growth prospects and cause the price of our common stock to decline.

To the extent that we raise additional capital through the sale of equity or convertible debt securities, the ownership interest of our stockholders will be diluted, and the terms of these securities may include liquidation or other preferences that adversely affect the rights of a common stockholder. If we raise additional funds through collaborations, strategic alliances, or licensing or other transactions, we may have to relinquish valuable rights to our technologies, future revenue streams, research programs, or product candidates, or grant licenses on terms that may not be favorable to us. Debt financing, if available, may be on unfavorable terms, including interest rates, and may involve agreements that include covenants limiting or restricting our ability to take specific actions, such as incurring additional debt, making capital expenditures, or declaring dividends.

Due to the significant resources required for the development of our product candidates, and depending on our ability to access capital, we must prioritize development of certain product candidates. Moreover, we may expend our limited resources on programs that do not yield a successful product candidate or fail to capitalize on product candidates or indications that may be more profitable or for which there is a greater likelihood of success.

Two of our product candidates, latozinemab and AL101, are in clinical development, and we continue to develop our research pipeline, including our ABC technology platform. Together, the development of these programs and product candidates and this platform requires significant capital investment. Due to the significant resources required, we must focus our programs and product candidates on specific diseases and disease pathways and decide which product candidates to pursue and advance and the amount of resources to allocate to each. One aspect of our drug development strategy is to clinically test and seek regulatory approval for our product candidates in indications in which we believe there is the most evidence that we will be able to quickly generate proof-of-concept data. For certain product candidates, we may choose to expand clinical testing and seek regulatory approvals in other neurodegenerative indications based on genetic and mechanistic overlap with the primary indication.

However, even if our product candidates are able to gain regulatory approval in one indication, there is no guarantee that we will be able to obtain approval in other indications, and we may expend significant resources in seeking such approvals. Our decisions concerning the allocation of research, development, collaboration, management, and financial resources toward particular technology, product candidates or therapeutic areas may not lead to the development of any viable commercial product and may divert resources away from better opportunities. Similarly, our potential decisions to delay, terminate, or collaborate with third parties in respect of certain programs may subsequently also prove to be suboptimal and could cause us to miss valuable opportunities. If we make incorrect determinations regarding the viability or market potential of any of our programs or product candidates or misread trends in the biopharmaceutical industry, in particular for neurodegenerative diseases, such events could have a material adverse effect on our business, financial condition, and results of operations. As a result, we may fail to capitalize on viable commercial products or profitable market opportunities, be required to forego or delay opportunities with other product candidates or other diseases and disease pathways that may later prove to have greater commercial potential than those we choose to pursue, or relinquish valuable rights to such product candidates through collaboration, licensing, or other royalty arrangements in cases in which it would have been advantageous for us to invest additional resources to retain sole development and commercialization rights. Our reliance on genetic screening and use of biomarkers to align patient risk profiles with targeted intervention may eventually require us to develop and use companion diagnostics, which could impact product development costs and

timelines depending on the specific diagnostic test and any applicable regulatory requirements that would need to be met to enable its use.

Our Loan Agreement requires us to comply with specified operating covenants and places restrictions on our operating and financial flexibility.

On November 14, 2024, we entered into a loan and security agreement (the Loan Agreement) with our subsidiary, Alector LLC, as a co-borrower, several banks and other financial institutions from time to time party thereto (collectively, the Lenders), and Hercules Capital, Inc. (Hercules), in its capacity as administrative agent and collateral agent for itself and the Lenders, pursuant to which we may access up to two tranches of term loans in an aggregate principal amount of up to \$50,000,000 (the Term Loans). The Loan Agreement provides for an initial \$25.0 million tranche of Term Loans available through June 30, 2026, \$10.0 million of which we borrowed at closing. Our ability to borrow an additional tranche of \$25.0 million is subject to agreement on the terms and conditions thereof and the sole discretion of the Lenders. As security for our obligations under the Loan Agreement, we granted the collateral agent a first priority security interest on substantially all of our assets, subject to certain exceptions. We intend to satisfy our future debt service obligations with our existing cash and cash equivalents. However, we may not have sufficient funds or may be unable to arrange for additional financing to pay the amounts due under our outstanding debt. Funds from external sources may not be available on acceptable terms, if at all.

The Loan Agreement contains customary representations and warranties, events of default and affirmative and negative covenants, including covenants that limit or restrict our ability to, among other things, dispose of assets, enter into certain licensing arrangements, effect certain mergers, incur debt, grant liens, pay dividends or other distributions on our capital stock, make investments and acquisitions, and enter into certain transactions with affiliates, in each case subject to certain exceptions. These restrictive covenants could limit our flexibility in operating our business and our ability to pursue business opportunities that we or our stockholders may consider beneficial. In addition, a failure to comply with the conditions of our Loan Agreement, including a breach of any covenant, could limit our ability to draw upon available tranches or result in an event of default and an acceleration of any outstanding loans thereunder.

In the event of an acceleration of amounts due under our Loan Agreement as a result of an event of default, including upon the occurrence of an event or circumstance that could be expected to have a “material adverse effect” on our business, operations, properties, assets or financial condition or a failure to pay any principal or interest due, we may not have sufficient funds or may be unable to arrange for additional financing to repay our indebtedness or to make any accelerated payments, and the Lenders could seek to enforce security interests in the collateral securing such indebtedness. Even if we are able to repay such accelerated debt amount under the Loan Agreement, the repayment of these sums may reduce our working capital and impair our ability to operate as planned. As such, any declaration by the Lenders of an event of default could significantly harm our business and prospects and could cause the price of our common stock to decline. Further, if we are liquidated, the Lenders’ rights to repayment under the Loan Agreement would be senior to the rights of the holders of our common stock to receive any proceeds from the liquidation.

Risks Related to the Discovery, Development, and Commercialization of Our Product Candidates

Research and development of biopharmaceutical products is inherently risky. Our business is heavily dependent on the successful development of our product candidates, which are in various stages of preclinical and clinical development. We cannot give any assurance that any of our product candidates will receive regulatory, including marketing, approval, which is necessary before they can be commercialized.

We are in the clinical stages of development for certain product candidates currently in our pipeline. To date, we have invested substantially in our efforts and financial resources to identify, procure intellectual property for, and develop our programs, product candidates, and ABC technology platform, and provide general and administrative support for these operations. Our future success is dependent on our ability to successfully develop, obtain regulatory approval for, and then successfully commercialize our product candidates, and we may fail to do so for many reasons, including the following:

- our preclinical studies or clinical trials of our product candidates may not be successfully completed or may not establish sufficient efficacy or safety to merit further clinical development or regulatory approval;

- a product candidate may on further study be shown to have harmful side effects or other characteristics that indicate it is unlikely to have an acceptable safety profile or be sufficiently effective or otherwise does not meet applicable regulatory criteria;
- our competitors may develop therapeutics that render our product candidates obsolete or less attractive;
- our competitors may develop and commercialize therapeutics that achieve greater market acceptance than our product candidates, including therapeutics that affect the same biological targets or pathways as our product candidates;
- the product candidates that we develop may not be sufficiently covered by intellectual property for which we hold exclusive rights;
- the product candidates that we develop may be covered by third parties' patents or other intellectual property or exclusive rights;
- the market for a product candidate may change so that the continued development of that product candidate is no longer reasonable or commercially attractive;
- a product candidate may not be capable of being produced in sufficient quantities for development or commercialization at an acceptable cost, or at all;
- if a product candidate obtains regulatory approval, we may be unable to establish sales and marketing capabilities, or successfully market such approved product candidate, to gain market acceptance; and
- a product candidate may not be accepted as safe and effective by patients, the medical community, or third-party payors, if applicable.

If any of these events occur, we may be forced to abandon our development efforts for a program or programs, which would have a material adverse effect on our business and could potentially cause us to cease operations.

We may not be successful in our efforts to further develop our current product candidates. For example, our clinical trials of our product candidates may not demonstrate their safety or efficacy, e.g., the trials may not meet their primary endpoints or otherwise demonstrate evidence of clinical benefit. We are not permitted to market or promote any of our product candidates before we receive regulatory approval from the FDA or comparable foreign regulatory authorities, and we may never receive such regulatory approval for any of our product candidates. We have product candidates in development, and all will require significant additional clinical development, management of preclinical, clinical, and manufacturing activities, regulatory approval, adequate manufacturing supply, a commercial organization, and significant marketing efforts before we generate any revenue from product sales, if at all.

We have never completed a clinical development program. Our product candidate latozinemab is in a Phase 3 clinical trial and our product candidate AL101 is in a Phase 2 clinical trial. We cannot be certain that any of our product candidates will be successful in these or any other future clinical trials. For example, our current or future clinical trials of our product candidates may not demonstrate their safety or efficacy, either in the indications currently being tested or in any other indications, or either as single agent therapies or in combination with other therapeutics, such as anti-amyloid beta antibodies or other therapies that may be available for indications relevant to our development programs. For any product candidates that have advanced into clinical trials, we may terminate such trials or the clinical program prior to their completion. For example, in November 2024, we announced that we decided to stop the long term extension study of our product candidate AL002 after results from the INVOKE-2 Phase 2 clinical trial showed that AL002 failed to meet the primary endpoint.

If any of our product candidates successfully complete clinical trials, we generally plan to seek regulatory approval to market our product candidates in the United States, the European Union, and in additional foreign countries where we believe there is a viable commercial opportunity. We have never commenced, compiled, or submitted an application seeking regulatory approval to market any product candidate. We may never receive regulatory approval to market any product candidates even if such product candidates successfully complete clinical trials, which would adversely affect our viability. To obtain regulatory approval in countries outside the United States, we must comply with numerous and varying regulatory requirements of such countries regarding safety, efficacy, manufacturing and controls, clinical trials, commercial sales, pricing, and distribution of our product

candidates. We may also rely on our collaborators or partners to conduct the required activities to support an application for regulatory approval, and to seek approval, for one or more of our product candidates. We cannot be sure that our collaborators or partners will conduct these activities or do so within the timeframe we desire. Even if we (or our collaborators or partners) are successful in obtaining approval in one jurisdiction, we cannot ensure that we will obtain approval in any other jurisdiction. If we are unable to obtain approval for our product candidates in multiple jurisdictions, our business, financial condition, results of operations, and our growth prospects could be negatively affected.

Even if we receive regulatory approval to market any of our product candidates, whether for the treatment of neurodegenerative diseases or other diseases, we cannot be assured that any such product candidate will be successfully commercialized, widely accepted in the marketplace, or more effective than other commercially available alternatives.

Investment in biopharmaceutical product development involves significant risk that any product candidate will fail to demonstrate adequate efficacy or an acceptable safety profile, gain regulatory approval, and become commercially viable. We cannot provide any assurance that we will be able to successfully advance any of our product candidates through the development process or, if approved, successfully commercialize any of our product candidates.

We may not be successful in our efforts to continue to create a pipeline of product candidates from our research and drug discovery platform or to develop commercially successful products. If we fail to successfully identify and develop additional product candidates from our research and drug discovery platform, our commercial opportunity may be limited.

One of our strategies is to identify and pursue clinical development of additional product candidates. Identifying, developing, obtaining regulatory approval for, and commercializing additional product candidates for the treatment of neurodegenerative and other diseases will require substantial additional funding and are prone to the risks of failure inherent in drug development. We cannot provide any assurance that we will be able to successfully identify or acquire additional product candidates, advance any of these additional product candidates through the development process, successfully commercialize any such additional product candidates, if approved, or assemble sufficient resources to identify, acquire, develop, or, if approved, commercialize additional product candidates. If we are unable to successfully identify, acquire, develop, and commercialize additional product candidates, our commercial opportunity may be limited.

For example, we are developing our proprietary BBB technology platform (Alector Brain Carrier, or ABC) to support selected next-generation product candidates. The goal of our technology is to deliver therapeutic candidates at a lower dose and provide deeper blood-brain barrier penetration while optimizing efficacy, safety and cost. If we are unable to successfully develop and apply our ABC technology as intended, our future pipeline opportunities may be reduced.

We also seek to develop product candidates against targets in our preclinical and research pipeline, with certain candidates incorporating our ABC technology, for a range of neurodegenerative diseases. If we are unable to advance such preclinical and research candidates, our future pipeline opportunities may be reduced.

We may not be successful in our efforts to obtain approval for additional or expanded indications for any product candidates that receive approval for a given indication.

Our drug development strategy includes clinically testing and seeking regulatory approval for our product candidates in indications in which we believe we can quickly generate proof-of-concept data. For certain product candidates, we may choose to expand clinical testing and seek regulatory approvals in other neurodegenerative indications based on genetic and mechanistic overlap with the initial indication. Conducting clinical trials for additional indications for our product candidates requires substantial technical, financial, and human capital resources and is prone to the risks of failure inherent in drug development. We cannot provide any assurance that we will be successful in our effort to obtain regulatory approval for our product candidates for additional indications even if we obtain approval for an initial indication.

We have concentrated a substantial portion of our research and development efforts on the treatment of neurodegenerative diseases, a field that has seen limited success in drug development. Further, our product candidates are based on innovative approaches and technologies to address the complex mechanisms underlying neurodegeneration, which makes it difficult to predict the time and cost of product candidate development and to subsequently obtain regulatory approval.

We are focusing our research and development efforts on addressing neurodegenerative diseases. Collectively, efforts by biopharmaceutical companies in the field of neurodegenerative diseases have seen limited success in drug development. There are currently limited approved therapeutic options available for patients with FTD, Alzheimer's disease, Parkinson's disease, and other neurodegenerative diseases. Recently approved therapies for the treatment of Alzheimer's disease target a specific pathology (amyloid plaques). Our future success is highly dependent on the successful development of our product candidates for treating neurodegenerative diseases. Developing product candidates and, if approved, commercializing our products for treatment of neurodegenerative diseases subject us to a number of challenges, including obtaining disease modifying activity and efficacious dose in target tissue and obtaining regulatory approval from the FDA and other regulatory authorities who have only a limited set of precedents to rely on.

Our approach to developing treatments for neurodegenerative diseases is based on understanding the complex mechanisms underlying neurodegeneration, including the roles of misfolded proteins, deficient proteins, and lysosomal, immune system, and neuronal dysfunction. Our approach further leverages our understanding of the genetic associations with disease. Through this approach, our product candidates seek to remove toxic proteins, replace critical deficient proteins, and restore immune and nerve cells to normal function. One aspect of this approach is to identify and select targets enriched in microglia and other myeloid immune cells which are genetically associated with neurodegenerative diseases. We identify and develop product candidates, including candidates that utilize our ABC technology, that are designed to cross the blood-brain barrier in sufficient quantity and potency to enable efficacious delivery to the brain and engage the intended target. We seek to identify and develop biomarkers and biomarker assays that can accurately identify signs of a disease or condition, assist us in selecting the right patient population, demonstrate target and pathway engagement, and measure the impact on disease progression of our product candidates. This strategy may not prove to be successful. We cannot be sure that our approach will yield satisfactory therapeutic products that are safe and effective, scalable, or profitable.

We may encounter substantial delays in our clinical trials or may not be able to conduct or complete our clinical trials on the timelines we expect, if at all.

Clinical testing is expensive, time consuming, and subject to uncertainty. We cannot guarantee that any clinical trials will be conducted as planned or completed on schedule, if at all. We cannot be sure that submission of an IND or a clinical trial application (CTA) will result in the FDA or EMA, as applicable, allowing clinical trials to begin in a timely manner, if at all. Moreover, even if these trials begin, issues may arise that could suspend or terminate such clinical trials. A failure of one or more clinical trials can occur at any stage of testing, and any of our current or future clinical trials may not be successful. Events that may prevent successful or timely initiation or completion of clinical trials include:

- inability to generate sufficient preclinical, toxicology, or other in vivo or in vitro data to support the initiation or continuation of clinical trials;
- delays in confirming target engagement, patient selection, or other relevant biomarkers to be utilized in preclinical and clinical product candidate development;
- delays in reaching a consensus with regulatory agencies on study design;
- delays in reaching agreement on acceptable terms with prospective CROs and clinical trial sites, the terms of which can be subject to extensive negotiation and may vary significantly among different CROs and clinical trial sites;
- delays in identifying, recruiting, and training suitable clinical investigators;
- delays in obtaining required IRB/EC approval at each clinical trial site;

- imposition of delays to clinical trials, including as a result of temporary or permanent clinical hold by regulatory agencies for any number of reasons (see for example our discussions of ARIA in other risks described in this “Risk Factors” section), including:
 - after review of an IND or amendment, CTA or amendment, or equivalent application or amendment;
 - as a result of a new safety finding that presents unreasonable risk to clinical trial participants;
 - as a result of modifications to clinical trial protocols or related documentation;
 - a negative finding from an inspection of our clinical trial operations or study sites; or
 - the finding that the investigational protocol or plan is clearly deficient to meet its stated objectives;
- delays in identifying, recruiting, and enrolling suitable patients to participate in our clinical trials, and delays caused by patients withdrawing from clinical trials, or failing to return for post-treatment follow-up;
- difficulty collaborating with patient groups and investigators;
- failure by our CROs, other third parties, or us to adhere to clinical trial protocols and other requirements;
- failure to perform in accordance with the FDA’s or any other regulatory authority’s current good clinical practices (cGCPs) requirements, or applicable EMA or other regulatory guidelines in other countries;
- occurrence of adverse events associated with the product candidate that are viewed to outweigh its potential benefits;
- changes in regulatory requirements and guidance that require amending or submitting new clinical protocols;
- changes in the standard of care on which a clinical development plan was based, which may require new or additional trials;
- the cost of clinical trials of our product candidates being greater than we anticipate;
- clinical trials of our product candidates producing negative or inconclusive results, which may result in our deciding, or regulators requiring us, to conduct additional clinical trials or abandon product development programs; and
- delays in manufacturing, testing, releasing, validating, or importing/exporting sufficient stable quantities of our product candidates for use in clinical trials or the inability to do any of the foregoing.

Any inability to successfully initiate or complete clinical trials could result in additional costs to us or impair our ability to generate revenue. In addition, if we make manufacturing or formulation changes to our product candidates, we may be required to or we may elect to conduct additional studies to bridge our modified product candidates to earlier versions. Clinical trial delays could also shorten any periods during which our products have patent protection and may allow our competitors to bring products to market before we do or sooner than anticipated, which could impair our ability to successfully commercialize our product candidates and may harm our business and results of operations. For example, we had been developing AL002 with AbbVie to treat patients with early Alzheimer’s disease (AD). In November 2024, we announced that AL002 failed to meet the primary endpoint in the INVOKE-2 Phase 2 clinical trial evaluating the safety and efficacy of AL002 in slowing disease progression in individuals with early AD. In January 2025, AbbVie decided to terminate the TREM2 collaboration program, under which AL002 was being developed, which resulted in termination of the AbbVie Agreement. Previously, we had been developing AL003 with AbbVie to treat patients with Alzheimer’s disease but on June 30, 2022, AbbVie provided written notice to us formalizing the decision to terminate the CD33 collaboration program under which AL003 was being developed. GSK, or any other collaboration partner may, in the future decide to terminate collaboration programs based on, among other things, our clinical trial data.

We could also encounter delays if a clinical trial is suspended or terminated by us, by the data safety monitoring board for such trial or by the FDA, EMA, or any other regulatory authority, or if the IRBs of the institutions in which such trials are being conducted suspend or terminate the participation of their clinical investigators and sites subject to their review. Such authorities may suspend or terminate a clinical trial due to a number of factors, including failure to conduct the clinical trial in accordance with regulatory requirements or our clinical protocols, inspection of the clinical trial operations or trial site by the FDA, EMA, or other regulatory authorities resulting in the imposition of a clinical hold, unforeseen safety issues or adverse side effects, failure to demonstrate a benefit from using a product candidate, changes in governmental regulations or administrative actions, lack of adequate funding to continue the clinical trial, and impacts of worldwide economic conditions, and other public health outbreaks and geopolitical events. Should the FDA or other government agency issue additional guidance that mandates material changes to our clinical trials in response to a pandemic or other public health outbreak, the costs of such clinical trials may increase.

We may in the future advance product candidates into clinical trials and terminate such trials prior to their completion, which could adversely affect our business.

Delays in the completion of any clinical trial of our product candidates will increase our costs, slow down our product candidate development and approval process and delay, or potentially jeopardize our ability to commence product sales and generate revenue. In addition, many of the factors that cause, or lead to, a delay in the commencement or completion of clinical trials may also ultimately lead to the denial of regulatory approval of our product candidates.

We may encounter difficulties enrolling patients in our clinical trials, and our clinical development activities could thereby be delayed or otherwise adversely affected.

The timely completion of clinical trials in accordance with their protocols depends, among other things, on our ability to enroll a sufficient number of patients who remain in the trial until its conclusion. We pursued measures to enroll our Phase 3 INFRONT-3 and Phase 2 INVOKE-2 trials, for example, by opening additional clinical trial sites and expanding recruitment efforts to enroll the INFRONT-3 trial. We completed enrollment in those trials in the second half of 2023. However, we may experience difficulties in patient enrollment in other clinical trials for a variety of reasons, including:

- the size and nature of the patient population;
- the patient eligibility criteria defined in the protocol, including biomarker-driven identification and/or certain highly specific criteria related to stage of disease progression, which may limit the patient populations eligible for our clinical trials to a greater extent than competing clinical trials for the same indication that do not have biomarker-driven patient eligibility criteria;
- the size of the study population required for analysis of the trial's primary endpoints;
- the proximity of patients to a trial site;
- the design of the trial;
- our ability to recruit clinical trial investigators with the appropriate competencies and experience;
- delays in enrolling patients in our clinical trials caused by worldwide economic conditions, including pandemics or other public health outbreaks and other geopolitical events;
- competing clinical trials for similar therapies or targeting patient populations meeting our patient eligibility criteria;
- availability of approved products that target the patient populations that we are seeking to enroll;
- clinicians' and patients' perceptions of the potential advantages and side effects of the product candidate being studied in relation to other available therapies and product candidates;
- our ability to obtain and maintain patient consents; and

- the risk that patients enrolled in clinical trials will not complete such trials or that we may not be able to collect data from such patients for any reason.

We or our partners may encounter difficulties or delays in enrollment of our clinical trials, due to the availability of newly approved therapies and competing products. For example, lecanemab received FDA approval for the treatment of Alzheimer's disease in 2023, and donanemab received FDA approval for the treatment of Alzheimer's disease in July 2024. As a result, our or our partners' ability to enroll participants in clinical trials for Alzheimer's disease may be hampered if potential participants choose to instead avail themselves of approved therapies.

Our clinical trials may reveal significant adverse events, toxicities, or other side effects and may fail to demonstrate substantial evidence of the safety and efficacy of our product candidates, which would prevent, delay, or limit the scope of regulatory approval and commercialization.

Before obtaining regulatory approvals for the commercial sale of any of our product candidates, we must demonstrate through lengthy, complex, and expensive preclinical studies and clinical trials that our product candidates are both safe and effective for use in each target indication. For those product candidates that are subject to regulation as biological drug products, we will need to demonstrate that they are sufficiently safe, pure, and potent for use in their target indications. Each product candidate must demonstrate an adequate risk versus benefit profile in its intended patient population and for its intended use.

Clinical testing is expensive and can take many years to complete, and its outcome is inherently uncertain. Failure can occur at any time during the clinical trial process. The results of preclinical studies of our product candidates may not be predictive of the results of early-stage or later-stage clinical trials, and results of early-stage clinical trials of our product candidates may not be predictive of the results of later-stage clinical trials. The results of clinical trials in healthy volunteers or one set of patients or disease indications may not be predictive of those obtained in another. In some instances, there can be significant variability in safety or efficacy results between different clinical trials of the same product 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 protocol elements, and the rate of dropout among clinical trial participants. Open-label or long-term extension studies may also extend the timing and cost of a clinical program substantially.

Product candidates in later stages of clinical trials may fail to show the desired safety and efficacy profile despite having progressed through preclinical studies and initial clinical trials. A number of companies in the biopharmaceutical industry have suffered significant setbacks in advanced clinical trials due to lack of efficacy or unacceptable safety issues, notwithstanding promising results in earlier trials. This is particularly true in neurodegenerative diseases, where failure rates historically have been higher than in many other disease areas. Most product candidates that begin clinical trials are never approved by regulatory authorities for commercialization. For example, in November 2024, we decided to stop the long term extension study of our product candidate AL002 after results from the INVOKE-2 Phase 2 clinical trial showed that AL002 failed to meet the primary endpoint.

Moreover, in our INVOKE-2 Phase 2 clinical trial in Alzheimer's disease, treatment-emergent MRI findings resembling ARIA were observed. ARIA are MRI findings that may include vasogenic edema, sulcal effusions, microhemorrhages and/or superficial siderosis. To mitigate the associated risks, we stopped enrolling patients that were most at risk and implemented additional monitoring procedures, and the trial continued to completion. However, if those measures are not successful in managing ARIA like events, if any arise in our future clinical trials, then the FDA, EMA or other regulatory authority may suspend such trials, delay or deny approval, or require a more restrictive label or box warning on an approved product.

We have limited experience in designing clinical trials and may be unable to design and execute a clinical trial that generates data sufficient to support continued clinical development or marketing approval of any of our product candidates. We cannot be certain that our current clinical trials or any other future clinical trials will be successful. Additionally, any safety concerns observed in any one of our clinical trials in our targeted indications could limit the prospects for regulatory approval of our product candidates in those and other indications, which could have a material adverse effect on our business, financial condition, and results of operations.

In addition, even if such clinical trials are successfully completed, we cannot guarantee that the FDA or foreign regulatory authorities will interpret the results as we do, and more trials could be required before we submit our product candidates for approval. To the extent that the results of the trials are not satisfactory to the FDA or foreign regulatory authorities for support of a marketing application, we may be required to expend significant resources, which may not be available to us, to conduct additional trials in support of potential approval of our product candidates. Even if regulatory approval is secured for any of our product candidates, the terms of such approval may limit the scope and use of our product candidates, which may also limit its commercial potential. Further, even if regulatory approval is secured for any of our product candidates, we cannot be assured that a federal court will not modify, invalidate, or revoke such approval.

We face significant competition in an environment of rapid technological and scientific change. Some competitors have achieved, and there is a possibility that other competitors will achieve, regulatory approval before us. Our competitors' therapies may be safer, more advanced, or more effective than ours, which may negatively impact our ability to successfully market or commercialize any product candidates we may develop and ultimately harm our financial condition.

The development and commercialization of new drug products is highly competitive. Moreover, the neurodegenerative field is characterized by strong and increasing competition, with a strong emphasis on intellectual property. We may face competition with respect to any of our product candidates that we seek to develop or commercialize in the future from major pharmaceutical companies, specialty pharmaceutical companies, and biotechnology companies worldwide. Potential competitors also include academic institutions, government agencies, and other public and private research organizations that conduct research, seek patent protection, and establish collaborative arrangements for research, development, manufacturing, and commercialization.

There are a number of large pharmaceutical and biotechnology companies that are currently pursuing the development of products for the treatment of neurodegenerative diseases, including FTD, Alzheimer's disease, and Parkinson's disease. Many of these current or potential competitors, either alone or with their strategic partners, have significantly greater financial resources and expertise in research and development, manufacturing, preclinical testing, conducting clinical trials, obtaining regulatory approvals, and marketing approved products than we do. For example, in July 2024, the FDA approved donanemab, which was developed by Eli Lilly and Company, for the treatment of Alzheimer's disease. Donanemab targets amyloid plaques by binding to insoluble N-truncated pyroglutamate amyloid beta. In January 2023, the FDA granted accelerated approval, and in July 2023, the FDA granted full approval to lecanemab, an anti-amyloid beta protofibril antibody for the treatment of Alzheimer's disease developed by Eisai Co., Ltd. (Eisai) and Biogen Inc. (Biogen). Lecanemab has been approved as a treatment for slowing progression of mild cognitive impairment and mild dementia due to Alzheimer's disease in Japan, and in November 2024, a committee of the EMA recommended approval of lecanemab in Europe. Eisai also initiated submission for a Biologics License Application for a subcutaneous formulation of lecanemab in May 2024. In addition, companies such as Prevail Therapeutics, Inc. and Passage Bio, Inc. are developing gene therapy based products (PR006 and PBFT02, respectively) for the treatment of FTD-GRN. Vigil Therapeutics is developing small molecule (VG-3927) and antibody (iluzanebart) candidates targeting TREM2. There are also pharmaceutical and biotechnology companies, such as Denali Therapeutics, Inc., F. Hoffman La Roche Ltd., and Aliada Therapeutics, Inc. (acquired by AbbVie), that are developing technologies for the transport of products, including anti-A-beta and other antibodies and product candidates, across the blood-brain barrier. Those and other competitors are pursuing product candidates that act on some of the same targets or through comparable mechanisms of action.

Furthermore, mergers and acquisitions in the pharmaceutical and biotechnology industries may result in even more resources being concentrated among a smaller number of our competitors. Smaller or early-stage companies may also prove to be significant competitors, particularly through collaborative arrangements with large and established companies. These competitors also compete with us in recruiting and retaining qualified scientific and management personnel and establishing clinical trial sites and patient enrollment in clinical trials, as well as in acquiring technologies complementary to, or necessary for, our programs. Our commercial opportunity could be reduced or eliminated if our competitors develop and commercialize products that are safer, more effective, have fewer or less severe side effects, are more convenient, or are less expensive than any products that we may develop. Furthermore, currently approved products could be discovered to have application for treatment of neurodegenerative disease indications, which could give such products significant regulatory and market timing advantages over any of our product candidates. Our competitors also may obtain FDA, EMA, or other regulatory approval for their products more rapidly than we may obtain approval for ours, including through fast track

designation, priority review, accelerated approval or breakthrough therapy designation, and may obtain orphan drug exclusivity from the FDA for indications our product candidates are targeting, which could result in our competitors establishing a strong market position before we are able to enter the market. Additionally, products or technologies developed by our competitors may render our potential product candidates uneconomical or obsolete, and we may not be successful in marketing any product candidates we may develop against competitors.

In addition, we could face litigation or other proceedings with respect to the scope, ownership, validity, and/or enforceability of our patents relating to our competitors' products, and our competitors may allege that our products infringe, misappropriate, or otherwise violate their intellectual property. The availability of our competitors' products could limit the demand, and the price we are able to charge, for any products that we may develop and commercialize.

The manufacture of our product candidates is complex, and we may encounter difficulties in production. If we or any of our third-party manufacturers encounter such difficulties, or fail to meet rigorously enforced regulatory standards, our ability to provide supply of our product candidates for clinical trials or our products, if approved, for patients, could be delayed or stopped, or we may be unable to maintain a commercially viable cost structure.

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

In order to conduct clinical trials of our product candidates, or supply commercial products, if approved, we will need to manufacture them in large quantities. Our CDMOs may be unable to successfully produce or increase the manufacturing scale or capacity for any of our product candidates in a timely or cost-effective manner, or at all. In addition, quality issues may arise during scale-up activities. If any of the foregoing occurs, the development, testing, and clinical trials of that product candidate may be delayed or become infeasible, and regulatory approval or commercial launch of any resulting product may be delayed or not obtained in any or all jurisdictions in which such approval or launch is intended, which could significantly harm our business. The same risk would apply to our own manufacturing facilities, should we in the future decide to build our own manufacturing capacity. In addition, building such manufacturing capacity would carry significant risks in terms of being able to plan, design, and execute on a complex project to build manufacturing facilities in a timely and cost-efficient manner.

In addition, the manufacturing process for any products that we may develop is subject to FDA, EMA, and other foreign regulatory authority approval processes, and continuous oversight, and we will need to contract with manufacturers who can meet all applicable FDA, EMA, and other foreign regulatory authority requirements, including complying with cGMPs on an ongoing basis. Further, the manufacturers that we or our collaboration partners work with will be subject to any future legislation by Congress that may curtail the ability of foreign CDMOs to provide services to U.S. biotechnology companies. If we or our third-party manufacturers are unable to reliably produce products to specifications acceptable to the FDA, EMA, or other regulatory authorities, we may not obtain or maintain the approvals we need to commercialize such products. Even if we obtain regulatory approval for any of our product candidates, there is no assurance that either we or our CDMOs will be able to manufacture the approved product to specifications acceptable to the FDA, EMA, or other regulatory authorities, to produce it in sufficient quantities to meet the requirements for the potential launch of the product, or to meet potential future demand. Any of these challenges could delay completion of clinical trials, require bridging clinical trials or the repetition of one or more clinical trials, increase clinical trial costs, delay approval of our product candidates, impair commercialization efforts, increase our cost of goods, and have an adverse effect on our business, financial condition, results of operations, and growth prospects.

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

We do not have a sales or marketing infrastructure and have no experience in the sale, marketing, or distribution of pharmaceutical products. To achieve commercial success for any approved product for which we

retain sales and marketing responsibilities, we must either develop a sales and marketing organization or outsource these functions to third parties. In the future, we may choose to build a focused sales, marketing, and commercial support infrastructure to sell, or participate in commercial activities with our collaborators for, some of our product candidates if and when they are approved.

There are risks involved with both establishing our own commercial capabilities and entering into arrangements with third parties to perform these services. For example, recruiting and training a sales force or reimbursement specialists are expensive and time consuming and could delay any product launch. If the commercial launch of a product candidate for which we recruit a sales force and establish marketing and other commercialization capabilities is delayed or does not occur for any reason, we would have prematurely or unnecessarily incurred these commercialization expenses. This may be costly, and our investment would be lost if we cannot retain or reposition our commercialization personnel.

Factors that may inhibit our efforts to commercialize any approved product on our own include:

- our inability to recruit and retain adequate numbers of effective sales, marketing, reimbursement, customer service, medical affairs, and other support personnel;
- the inability of sales personnel to obtain access to physicians or persuade adequate numbers of physicians to prescribe any future approved products;
- our inability to negotiate arrangements for formulary access, reimbursement, and other acceptance by payors;
- the inability to price our products at a sufficient price point to ensure an adequate and attractive level of profitability, and our ability to recognize revenue from such prices;
- restricted or closed distribution channels that make it difficult to distribute our products to segments of the patient population;
- the lack of complementary products to be offered by sales personnel, which may put us at a competitive disadvantage relative to companies with more extensive product lines; and
- unforeseen costs and expenses associated with creating an independent commercialization organization.

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

Even if any product candidates we develop receive marketing approval, they may fail to achieve the degree of market acceptance by physicians, patients, healthcare payors, and others in the medical community necessary for commercial success.

The commercial success of any of our products will depend upon its degree of market acceptance by physicians, patients, third-party payors, and others in the medical community. Even if any product candidate we develop receives marketing approval, it may nonetheless fail to gain sufficient market acceptance by physicians, patients, healthcare payors, and others in the medical community. The degree of market acceptance of any product candidate we may develop, if approved for commercial sale, will depend on a number of factors, including:

- the efficacy and safety as demonstrated in clinical trials and published in peer-reviewed journals;
- the potential and perceived advantages compared to alternative treatments;
- the ability to offer our products for sale at competitive prices;
- sufficient third-party coverage or reimbursement;

- the ability to offer appropriate patient access programs, such as co-pay assistance;
- the extent to which physicians recommend our products to their patients;
- convenience and ease of dosing and administration compared to alternative treatments;
- the clinical indications for which the product candidate is approved by the FDA, EMA, or other regulatory agencies;
- product labeling or product insert requirements of the FDA, EMA, or other comparable foreign regulatory authorities, including any limitations, contraindications, or warnings contained in a product's approved labeling;
- restrictions on how the product is distributed;
- the timing of market introduction of competitive products;
- publicity concerning our products or competing products and treatments;
- the strength of marketing and distribution support; and
- the prevalence and severity of any side effects.

If any product candidates we develop do not achieve an adequate level of acceptance, we may not generate significant product revenue, and we may not become profitable.

Any products we commercialize may become subject to unfavorable pricing regulations, third-party reimbursement practices, or healthcare reform initiatives, which would harm our business.

The regulations that govern marketing approvals, pricing, and reimbursement for new drugs vary widely from country to country. In the United States, recently enacted or potential future legislation may significantly change the approval requirements in ways that could involve additional costs and cause delays in obtaining approvals. Some countries require approval of the sale price of a drug before it can be marketed. In many countries, the pricing review period begins after marketing or product licensing approval is granted. In some foreign markets, prescription pharmaceutical pricing remains subject to continued governmental control even after initial approval is granted. As a result, we might obtain marketing approval for a product in a particular country, but then be subject to price regulations that delay or render commercially inviable commercial launch of the product, possibly for lengthy time periods, and negatively impact the revenue we are able to generate from the sale of the product in that country. Adverse pricing limitations may hinder our ability to recoup our investment in one or more product candidates, even if any product candidates we may develop obtain marketing approval.

The ability to successfully commercialize any products that we may develop also will depend in part on the extent to which reimbursement for these products and related treatments will be available from government health administration authorities, private health insurers, and other organizations. Government authorities and third-party payors, such as private health insurers and health maintenance organizations, decide which medications they will pay for and establish reimbursement levels. A primary trend in the U.S. healthcare industry and elsewhere is cost containment. Government authorities and third-party payors have attempted to control costs by limiting coverage and the amount of reimbursement for particular medications. Government authorities currently impose mandatory discounts for certain patient groups, such as Medicare, Medicaid, and Veterans Affairs hospitals, and may seek to increase such discounts at any time. Future regulation may negatively impact the price of our products, if approved. Increasingly, third-party payors are requiring that drug companies provide them with predetermined discounts from list prices and are challenging the prices charged for medical products. We cannot be sure that reimbursement will be available for any product candidate that we commercialize and, if reimbursement is available, the level of reimbursement.

Reimbursement may impact the demand for, or the price of, any product candidate for which we obtain marketing approval. In order to get reimbursement, physicians may need to show that patients have superior treatment outcomes with our products compared to standard of care drugs, including lower-priced generic versions of standard of care drugs. If reimbursement is not available or is available only to limited levels, we may not be able to successfully commercialize any product candidate for which we obtain marketing approval. In the United States, no uniform policy of coverage and reimbursement for products exists among third-party payors, and coverage and

reimbursement levels for products can differ significantly from payor to payor. As a result, the coverage determination process is often a time consuming and costly process that may require us to provide scientific and clinical support for the use of our products to each payor separately, with no assurance that coverage and adequate reimbursement will be applied consistently or obtained in the first instance.

There may be significant delays in obtaining reimbursement for newly approved drugs, and coverage may be more limited than the purposes for which the medicine is approved by the FDA, EMA, or other 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. Interim reimbursement levels for new drugs, if applicable, may also not be sufficient to cover our costs and may not be made permanent. Reimbursement rates may vary according to the use of the drug and the clinical setting in which it is used, may be based on reimbursement levels already set for lower cost drugs and may be incorporated into existing payments for other services. Net prices for drugs may be reduced by mandatory discounts or rebates required by government healthcare programs or private payors and by any future relaxation of laws that presently restrict imports of drugs from countries where they may be sold at lower prices than in the United States. Third-party payors often rely upon Medicare coverage policy and payment limitations in setting their own reimbursement policies. Our inability to promptly obtain coverage and profitable payment rates from both government-funded and private payors for any approved products we may develop could have a material adverse effect on our operating results, our ability to raise capital needed to commercialize product candidates, and our overall financial condition.

Current and future CMS coverage restrictions on classes of drugs that encompass our product candidates, including our candidates for treating Alzheimer's disease, could have a material adverse impact on our ability to commercialize our product candidates, if approved, generate revenue and attain profitability. It is unclear how future CMS coverage decisions and policies will impact our business.

Our product candidates for which we intend to seek approval may face biosimilar competition sooner than anticipated.

Even if we are successful in achieving regulatory approval to commercialize a product candidate ahead of our competitors, our product candidates may face competition from biosimilar products. In the United States, our product candidates are regulated by the FDA as biologic products and we intend to seek approval for these product candidates pursuant to the BLA pathway. BPCIA created an abbreviated pathway for the approval of biosimilar and interchangeable biologic products. The abbreviated regulatory pathway establishes legal authority for the FDA to review and approve biosimilar biologics, including the possible designation of a biosimilar as "interchangeable" based on its similarity to an existing brand product. Under the BPCIA, an application for a biosimilar product cannot be approved by the FDA until 12 years after the original branded product was approved under a BLA. The law is complex and is still being interpreted and implemented by the FDA. As a result, its ultimate impact, implementation, and meaning are subject to uncertainty. While it is uncertain when such processes intended to implement BPCIA may be fully adopted by the FDA, any such processes could have a material adverse effect on the future commercial prospects for our product candidates.

We believe that any of our product candidates approved as a biologic product under a BLA should qualify for the 12-year period of exclusivity. However, there is a risk that this exclusivity could be shortened due to Congressional action or otherwise, or that the FDA will not consider our product candidates to be reference products entitled to the 12-year period of exclusivity, potentially creating the opportunity for competition sooner than anticipated. Moreover, the extent to which a biosimilar product, once approved, will be substituted for any one of our reference products in a way that is analogous to traditional generic substitution for non-biologic products is not yet clear, and will depend on a number of marketplace and regulatory factors that are still developing. In addition, a competitor could decide to forego the biosimilar approval path and submit a full BLA after completing its own preclinical studies and clinical trials. In such cases, any exclusivity to which we may be eligible under the BPCIA would not prevent the competitor from marketing its product as soon as it is approved.

In Europe, the European Commission has granted marketing authorizations for several biosimilar products pursuant to a set of general and product class-specific guidelines for biosimilar approvals issued over the past few years. In Europe, a competitor may reference data supporting approval of an innovative biological product, but will not be able to get it on the market until 10 years after the time of approval of the innovative product. This 10-year marketing exclusivity period will be extended to 11 years if, during the first eight of those 10 years, the marketing authorization holder obtains an approval for one or more new therapeutic indications that bring significant clinical

benefits compared with existing therapies. In addition, companies may be developing biosimilar products in other countries that could compete with our products, if approved.

If competitors are able to obtain marketing approval for biosimilars referencing our product candidates, if approved, such product candidates may become subject to competition from such biosimilars, with the attendant competitive pressure and potential adverse consequences. Such competitive products may be able to immediately compete with us in each indication for which our product candidates may have received approval.

Any legal proceedings or claims involving or against us could be costly and time-consuming to defend and could harm our reputation regardless of the outcome.

We may become subject to legal proceedings and claims that arise in the ordinary course of business, including intellectual property, data privacy, product liability, employment, class action or derivative, whistleblower and other litigation claims, and governmental and other regulatory investigations and proceedings. Such matters can be time-consuming, divert management's attention and resources, cause us to incur significant expenses or liability, or require us to change our business practices. In addition, the expense of litigation and the timing of this expense from period to period are difficult to estimate, subject to change, and could adversely affect our financial condition and results of operations. Because of the potential risks, expenses, and uncertainties of litigation, we may, from time to time, settle disputes, even where we have meritorious claims or defenses, by agreeing to settlement agreements. Any of the foregoing could adversely affect our business, financial condition, and results of operations.

If product liability lawsuits are brought against us, we may incur substantial liabilities and may be required to limit commercialization of our product candidates.

We face an inherent risk of product liability as a result of the clinical testing of our product candidates and will face an even greater risk when and if we commercialize any products. For example, we may be sued if our product candidates cause or are perceived to cause injury or are found to be otherwise unsuitable during clinical testing, manufacturing, marketing, or sale. Any such product liability claims may include allegations of defects in manufacturing, defects in design, a failure to warn of dangers inherent in the product, negligence, strict liability, or a breach of warranties. Claims could also be asserted under state consumer protection acts or in countries outside the United States under the applicable legal regimes. If we cannot successfully defend ourselves against product liability claims, we may incur substantial liabilities or be required to limit testing and commercialization of our product candidates. Even successful defense or negotiations of a settlement would require significant financial and management resources. Regardless of the merits or eventual outcome, liability claims may result in:

- decreased or interrupted demand for our products;
- injury to our reputation;
- withdrawal of clinical trial participants and inability to continue clinical trials;
- initiation of investigations by regulators;
- costs to defend the related litigation;
- a diversion of management's time and our resources;
- substantial monetary awards to trial participants or patients;
- product recalls, withdrawals or labeling, marketing, or promotional restrictions;
- loss of revenue;
- exhaustion of any available insurance and our capital resources; and
- the inability to commercialize any product candidate.

Our inability to obtain sufficient product liability insurance at an acceptable cost to protect against potential product liability claims could prevent or inhibit the commercialization of products we develop, alone or with collaborators. Our insurance policies may have various exclusions, and we may be subject to a product liability claim for which we have no coverage. We may have to pay any amounts awarded by a court or negotiated in a settlement that exceed our coverage limitations or that are not covered by our insurance, and we may not have, or be

able to obtain, sufficient capital to pay such amounts. Even if our agreements with any future corporate collaborators entitle us to indemnification against losses, such indemnification may not be available or adequate should any claim arise.

Risks Related to Regulatory Approval and Other Legal Compliance Matters

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

The time required to obtain approval by the FDA, EMA, and comparable foreign regulatory authorities is unpredictable, typically takes many years following the commencement of clinical trials, and depends upon numerous factors, including the type, complexity, and novelty of the product candidates involved. In addition, approval policies, regulations, or the type and amount of clinical data necessary to gain approval may change during the course of a product candidate's clinical development and may vary among jurisdictions, which may cause delays in the approval or the decision not to approve an application. Regulatory authorities have substantial discretion in the approval process and may refuse to accept any application or may decide that our data are insufficient for approval and require additional preclinical, clinical, or other studies. We have not submitted an application for or obtained regulatory approval for any product candidate, and it is possible that none of our existing product candidates or any product candidates we may seek to develop in the future will ever obtain regulatory approval.

Further, development of our product candidates and/or regulatory approval may be delayed for reasons beyond our control. For example, the U.S. federal government has experienced and may in the future experience shutdown or budget sequestration, which could result in significant reductions to the FDA's budget, employees, and operations, which may lead to slower response times and longer review periods, potentially affecting our ability to progress development of our product candidates or obtain regulatory approval for our product candidates. The extent FDA and other regulatory authorities may also experience delays or limited resources due to the effects of worldwide economic conditions, including pandemics or other public health outbreaks, other geopolitical events, conflicts or other reasons. To the extent FDA and other regulatory authorities experience any delays or limited resources in reviewing our regulatory applications or requests for meetings and/or guidance, and inspection of manufacturing facilities prior to regulatory approval, we may experience significant delays in our anticipated timelines for our clinical studies and/or for seeking regulatory approvals, which could adversely affect our business.

Applications for our product candidates could fail to receive regulatory approval in an initial or subsequent indication for many reasons, including but not limited to the following:

- the FDA, EMA, or comparable foreign regulatory authorities may disagree with the design, implementation, or the interpretation of the results of our clinical trials;
- the FDA, EMA, or comparable foreign regulatory authorities may determine that our product candidates are not safe and effective, only moderately or insufficiently effective or have undesirable or unintended side effects, toxicities, or other characteristics that preclude our obtaining marketing approval or prevent or limit commercial use;
- the population studied in the clinical program may not be sufficiently broad or representative to assure efficacy and safety in the full population for which we seek approval;
- the FDA, EMA, or comparable foreign regulatory authorities may disagree with our interpretation of data from preclinical studies or clinical trials;
- the data collected from clinical trials of our product candidates may not be sufficient to support the submission of an NDA, BLA, or other submission or to obtain regulatory approval in the United States or elsewhere;
- we may be unable to demonstrate to the FDA, EMA, or comparable foreign regulatory authorities that a product candidate's risk-benefit ratio, on its own or when compared to the standard of care, is acceptable;
- the FDA, EMA, or comparable foreign regulatory authorities may fail to approve the manufacturing processes, test procedures, and specifications, or facilities of third-party manufacturers with which we contract for clinical and commercial supplies; and

- the approval policies or regulations of the FDA, EMA, or comparable foreign regulatory authorities may significantly change in a manner rendering our clinical data insufficient for approval or resulting in delays in our regulatory approval, as seen, for example, in connection with the FDA's approval of Biogen's Aduhelm in Alzheimer's disease amid questions regarding the underlying data, as well as the government investigation of the FDA's approval process for Aduhelm.

This lengthy approval process, as well as the unpredictability of the results of clinical trials, may result in our failing to obtain regulatory approval to market any of our product candidates, which would significantly harm our business, results of operations, and growth prospects.

In addition, the FDA and other regulatory authorities may change their policies, issue additional regulations or revise existing regulations, any of which could delay our ability to obtain approvals, increase the costs of compliance or restrict our ability to maintain any regulatory approvals we may have obtained. In June 2024, the Supreme Court overturned their 1984 decision that gave rise to the *Chevron* doctrine. That doctrine gave deference to regulatory agencies such as FDA, rather than the courts, to interpret relevant statutes where the law is ambiguous. As a result of the Supreme Court's rejection of the *Chevron* doctrine, more companies and other stakeholders may bring lawsuits against the FDA to challenge longstanding FDA decisions and policies, which could undermine the FDA's authority, lead to uncertainties in the industry, and disrupt the FDA's normal operations, potentially resulting in the delay of the FDA's review of our regulatory submissions. We cannot predict the full impact of this decision on us or the pharmaceutical and biotechnology industries in general.

Additionally, changes in the leadership at the FDA under the new presidential administration may lead to further changes in FDA's policies and regulations. To the extent the transition to the new administration leads to disruptions in FDA's operations, such as a result of executive orders that impose a freeze on hiring, federal funding, and external communications, and return-to-office policy, or changes in funding for certain programs at the FDA, correspondence and regulatory review processes with the FDA may be delayed.

Our product candidates may cause undesirable side effects or have other properties that could halt their clinical development, prevent their regulatory approval, limit their commercial potential, or result in significant negative consequences.

Adverse events or other undesirable side effects caused by our product candidates could cause us or regulatory authorities to interrupt, delay, or halt clinical trials and could result in a more restrictive label or the delay or denial of regulatory approval by the FDA, EMA, or other comparable foreign regulatory authorities.

Drug-related side effects could affect patient recruitment, the ability of enrolled patients to complete the study, and/or result in potential product liability claims. We are required to maintain product liability insurance pursuant to certain of our development and commercialization agreements. We may not be able to maintain insurance coverage at a reasonable cost or in sufficient amounts to protect us against losses due to liability. A successful product liability claim or series of claims brought against us could adversely affect our results of operations, business, and reputation. In addition, regardless of merit or eventual outcome, product liability claims may result in impairment of our business reputation, withdrawal of clinical trial participants, costs due to related litigation, distraction of management's attention from our primary business, initiation of investigations by regulators, substantial monetary awards to patients or other claimants, the inability to commercialize our product candidates, and decreased demand for our product candidates, if approved for commercial sale.

Treatment-emergent MRI findings resembling ARIA were observed in our INVOKE-2 Phase 2 clinical trial. ARIA are MRI findings that may include vasogenic edema, sulcal effusions, microhemorrhages and/or superficial siderosis. In INVOKE-2, most cases resembling ARIA were asymptomatic and non-serious. However, a small number of ARIA-related serious adverse events occurred early in the trial in patients with the APOE e4/e4 genotype. To mitigate risks associated with ARIA, at that time we voluntarily discontinued dosing and enrollment of APOE e4/e4 participants in our INVOKE-2 Phase 2 clinical trial. Following these changes, a small number of ARIA-related serious adverse events occurred in patients who are non-homozygous for the APOE e4 allele. We continued to implement earlier MRI monitoring, followed recently published guidelines for ARIA monitoring and management, and conducted this study under the guidance of an IDMC.

Additionally, if one or more of our product candidates receives marketing approval, and we or others later identify undesirable side effects or adverse events caused by such products, a number of potentially significant negative consequences could result, including but not limited to:

- regulatory authorities may withdraw approvals of such product and cause us to recall our products;
- regulatory authorities may require additional warnings on the label;
- we may be required to change the way the product is administered, monitor patients over the course of treatment, or conduct additional clinical trials or post-approval studies;
- we may be required to create a Risk Evaluation and Mitigation Strategy plan, which could include a medication guide outlining the risks of such side effects for distribution to patients, a communication plan for healthcare providers, pre-prescription screening or ongoing monitoring for adverse events (such as ARIA-like events), and/or other elements, such as boxed warning on the packaging (for example, as required for lecanemab), to assure safe use;
- we could be sued and held liable for harm caused to patients; and
- our reputation may suffer.

Any of these events could prevent us from achieving or maintaining market acceptance of the particular product candidate, if approved, and could significantly harm our business, financial condition, results of operations, and growth prospects.

We currently are conducting and may continue in the future to conduct clinical trials for our product candidates outside the United States, and the FDA, EMA, and applicable foreign regulatory authorities may not accept data from such trials.

We and our collaboration partner, GSK, currently are conducting and may continue in the future choose to conduct one or more of our clinical trials outside the United States, including in Europe, Latin America, Asia, or Australia. The acceptance of study data from clinical trials conducted outside the United States or another jurisdiction by the FDA, EMA, or applicable foreign regulatory authority may be subject to certain conditions. In cases where data from foreign clinical trials are intended to serve as the basis for marketing approval in the United States, the FDA will generally not approve the application on the basis of foreign data alone unless (i) the data are applicable to the United States population and United States medical practice; and (ii) the trials were performed by clinical investigators of recognized competence and pursuant to cGCP regulations. Additionally, the FDA's clinical trial requirements, including sufficient size of patient populations and statistical powering, must be met. Many foreign regulatory bodies have similar approval requirements. In addition, such foreign trials would be subject to the applicable local laws of the foreign jurisdictions where the trials are conducted. There can be no assurance that the FDA, EMA, or any applicable foreign regulatory authority will accept data from trials conducted outside of the United States or the applicable jurisdiction, as regulatory authorities in different jurisdictions may impose different requirements for approval, including requirements with respect to trial design or trial diversity. If the FDA, EMA, or any applicable foreign regulatory authority does not accept such data, it would result in the need for additional trials, which would be costly and time-consuming and delay aspects of our business plan, and which may result in our product candidates not receiving approval or clearance for commercialization in the applicable jurisdiction. Our reliance on genetic screening and use of biomarkers to align patient risk profiles with targeted intervention may eventually require us to develop and use companion diagnostics, which could likewise require generation of data that would be acceptable to FDA, EMA, or any applicable foreign regulatory authority.

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

Obtaining and maintaining regulatory approval of our product candidates in one jurisdiction does not guarantee that we will be able to obtain or maintain regulatory approval in any other jurisdiction, but a failure or delay in obtaining regulatory approval in one jurisdiction may have a negative effect on the regulatory approval process in others. For example, even if the FDA or EMA grants marketing approval of a product candidate, comparable regulatory authorities in foreign jurisdictions must also approve the manufacturing, marketing, and promotion of the product candidate in those countries. Approval procedures vary among jurisdictions and can involve requirements and administrative review periods different from those in the United States, including additional preclinical studies or clinical trials as clinical trials conducted in one jurisdiction may not be accepted by regulatory authorities in other jurisdictions. In many jurisdictions outside the United States, a product candidate

must be approved for reimbursement before it can be approved for sale in that jurisdiction. In some cases, the price that we intend to charge for our products is also subject to regulatory approval.

Obtaining foreign regulatory approvals and compliance with foreign regulatory requirements could result in significant delays, difficulties, and costs for us and could delay or prevent the introduction of our products in certain countries. If we or any partner we work with fails to comply with the regulatory requirements in international markets or fails to receive applicable marketing approvals, our target market will be reduced, and our ability to realize the full market potential of our product candidates will be harmed.

Even if we obtain regulatory approval for a product candidate, our products will remain subject to extensive post-marketing requirements and regulatory scrutiny.

If any of our product candidates are approved, they will be subject to ongoing regulatory requirements for manufacturing, labeling, packaging, storage, advertising, promotion, sampling, record-keeping, conduct of post-marketing studies, and submission of safety, efficacy, and other post-market information, including both federal and state requirements in the United States and requirements of comparable foreign regulatory authorities.

Manufacturers and manufacturers' facilities are required to comply with extensive requirements imposed by the FDA, EMA, and comparable foreign regulatory authorities, including ensuring that quality control and manufacturing procedures conform to cGMP regulations. As such, we and our contract manufacturers will be subject to continual review and inspections to assess compliance with cGMP and adherence to commitments made in any NDA, BLA, or marketing authorization application (MAA). Accordingly, we and others with whom we work must continue to expend time, money, and effort in all areas of regulatory compliance, including manufacturing, production, and quality control.

Any regulatory approvals that we receive for our product candidates will be subject to limitations on the approved indicated uses for which the product may be marketed and promoted or to the conditions of approval (including any requirement to implement a Risk Evaluation and Mitigation Strategy), or contain requirements for potentially costly post-marketing testing. We will be required to report certain adverse reactions and production problems, if any, to the FDA, EMA, and comparable foreign regulatory authorities. Any new legislation addressing drug safety issues could result in delays in product development or commercialization, or increased costs to ensure compliance. The FDA and other agencies, including the Department of Justice, closely regulate and monitor the post-approval marketing and promotion of products to ensure that they are manufactured, marketed, and distributed only for the approved indications and in accordance with the provisions of the approved labeling. We will have to comply with requirements concerning advertising and promotion for our products. Promotional communications with respect to prescription drugs are subject to a variety of legal and regulatory restrictions and must be consistent with the information in the product's approved label. As such, we may not promote our products for indications or uses for which they do not have approval. The holder of an approved NDA, BLA, or MAA must submit new or supplemental applications and obtain approval for certain changes to the approved product, product labeling, or manufacturing process. We could also be asked to conduct post-marketing clinical trials to verify the safety and efficacy of our products in general or in specific patient subsets. If original marketing approval was obtained via the accelerated approval pathway, we could be required to conduct a successful post-marketing clinical trial to confirm clinical benefit for our products. An unsuccessful post-marketing study or failure to complete such a study could result in the withdrawal of marketing approval.

If a regulatory agency discovers previously unknown problems with a product, such as adverse events of unanticipated severity or frequency, or problems with the facility where the product is manufactured, or disagrees with the promotion, marketing or labeling of a product, such regulatory agency may impose restrictions on that product or us, including requiring withdrawal of the product from the market. If we fail to comply with applicable regulatory requirements, a regulatory agency or enforcement authority may, among other things:

- issue warning letters that would result in adverse publicity;
- impose civil or criminal penalties;
- suspend or withdraw regulatory approvals;
- suspend any of our ongoing clinical trials;
- refuse to approve pending applications or supplements to approved applications submitted by us;

- impose restrictions on our operations, including closing our contract manufacturers' facilities;
- seize or detain products; or
- require a product recall.

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

We have orphan drug designation from the FDA for latozinemab for treatment of FTD and may seek orphan drug designation for some of our other product candidates, but we may be unable to obtain such designations or to maintain the benefits associated with orphan drug status, including market exclusivity, which may cause our revenue, if any, to be reduced.

Under the Orphan Drug Act, the FDA may grant orphan designation to a drug or biologic intended to treat a rare disease or condition, defined as a disease or condition with a patient population of fewer than 200,000 in the United States, or a patient population greater than 200,000 in the United States when there is no reasonable expectation that the cost of developing and making available the drug or biologic in the United States will be recovered from sales in the United States of that drug or biologic. Orphan drug designation must be requested before submitting an NDA or BLA. In the United States, orphan drug designation entitles a party to financial incentives such as opportunities for grant funding towards clinical trial costs, tax advantages, and user-fee waivers. After the FDA grants orphan drug designation, the generic identity of the drug and its potential orphan use are disclosed publicly by the FDA. Orphan drug designation does not convey any advantage in, or shorten the duration of, the regulatory review and approval process. While latozinemab has (and AL101 previously had) orphan drug designation for treatment of FTD, we may be unable to reap the benefits associated with orphan drug status. In addition, we may be unable to obtain orphan drug designation for any additional product candidates, if we seek such designation.

If a product that has orphan drug designation subsequently receives the first FDA approval for a particular active ingredient for the disease for which it has such designation, the product is entitled to orphan drug exclusivity. This means that the FDA may not approve any other NDA or BLA application to market the same drug or biologic for the same indication for seven years, except in limited circumstances such as if the same drug or biologic shows clinical superiority to the product with orphan exclusivity, if the FDA revokes the orphan drug designation, or if the FDA finds that the holder of the orphan exclusivity has not assured the availability of sufficient quantities of the orphan product to meet the needs of patients with the disease or condition for which the drug was designated. Even though the FDA has approved orphan drug status for latozinemab for treatment of FTD, the FDA can still approve other drugs that have a different active ingredient for use in treating FTD. Furthermore, orphan drug exclusivity does not prevent the FDA from approving another marketing application for the same drug product for a different indication before the expiration of the orphan exclusivity period.

In litigation in 2021, an appellate court disagreed with the FDA's longstanding position that orphan drug exclusivity only applies to the approved use or indication within an eligible disease, and not to all uses or indications within the entire designated disease or condition. This court decision created uncertainty in the application of orphan drug exclusivity. In January 2023, the FDA published a notice in the Federal Register to clarify that while the agency complies with the applicable court ruling, the FDA intends to continue tying the scope of orphan-drug exclusivity to the uses or indications for which a drug is approved, which permits other sponsors to obtain approval of a drug for new uses or indications within the same orphan designated disease or condition that has not yet been approved. It is unclear how future litigation, such as a result of executive orders that impose a freeze on hiring, federal funding, and external communications, and return-to-office policy, legislation, agency decisions, and administrative actions will impact the scope of orphan drug exclusivity.

We have obtained Fast Track designation and Breakthrough Therapy designation from the FDA for latozinemab for the treatment of patients with FTD carrying specific genetic mutations in the granulin gene, but we may be unable to obtain or maintain the benefits associated with those designations.

Fast Track designation is designed to facilitate the development and expedite the review of therapies which treat serious conditions and fill an unmet medical need. Programs with Fast Track designation may benefit from early and frequent communications with the FDA, potential priority review, and the ability to submit a rolling application for regulatory review. Fast Track designation applies to both the product and the specific indication for which it is being studied.

In December 2019, the FDA granted Fast Track designation for latozinemab, and in January 2020, the FDA granted Fast Track designation for AL101, each for the treatment of patients with FTD carrying specific genetic mutations in the granulin gene. If our clinical development program does not continue to meet the criteria for Fast Track designation, or if our clinical trials are suspended or terminated, or put on clinical hold due to unexpected adverse events or issues with clinical supply, we may not realize all the benefits associated with the Fast Track program. For example, we inactivated the AL101 IND for FTD in the third quarter of 2023, and therefore Fast Track designation no longer applies. Furthermore, Fast Track designation does not change the standards for approval. Fast Track designation alone does not guarantee qualification for the FDA's priority review procedures.

In February 2024, the FDA granted Breakthrough Therapy Designation to latozinemab for the treatment of FTD-GRN. The benefits of Breakthrough Therapy designation include the same benefits as Fast Track designation, plus intensive guidance from the FDA to ensure an efficient drug development program.

Healthcare legislative measures aimed at reducing healthcare costs may have a material adverse effect on our business and results of operations.

Third-party payors, whether domestic or foreign, or governmental or commercial, are developing increasingly sophisticated methods of controlling healthcare costs. In both the United States and certain foreign jurisdictions, there have been a number of legislative and regulatory changes to the healthcare system that could impact our ability to sell our products profitably.

In particular, in 2010, the Patient Protection and ACA was enacted, which, among other things, subjected biologic products to potential competition by lower-cost biosimilars, addressed a new methodology by which rebates owed by manufacturers under the Medicaid Drug Rebate Program are calculated for drugs that are inhaled, infused, instilled, implanted, or injected, increased the minimum Medicaid rebates owed by most manufacturers under the Medicaid Drug Rebate Program, extended the Medicaid Drug Rebate Program to utilization of prescriptions of individuals enrolled in Medicaid managed care organizations, subjected manufacturers to new annual fees and taxes for certain branded prescription drugs, and provided incentives to programs that increase the federal government's comparative effectiveness research. In June 2021, the United States Supreme Court held that Texas and other challengers had no legal standing to challenge the ACA, dismissing the case without specifically ruling on the constitutionality of the ACA. Accordingly, the ACA remains in effect in its current form. It is unclear how this Supreme Court decision, future litigation, or healthcare measures promulgated by administrative or legislative action will impact our business, financial condition, and results of operations. Complying with any new legislation or changes in healthcare regulation could be time-intensive and expensive, resulting in a material adverse effect on our business.

Under the American Rescue Plan Act of 2021, the statutory cap on Medicaid Drug Rebate Program rebates that manufacturers pay to state Medicaid programs were eliminated. Elimination of this cap may require pharmaceutical manufacturers to pay more in rebates than they receive on the sale of approved products, which could have a material impact on our business. In August 2022, Congress passed the Inflation Reduction Act of 2022, which includes prescription drug provisions that have significant implications for the pharmaceutical industry and Medicare beneficiaries, including allowing the federal government to negotiate a maximum fair price for certain high-priced single source Medicare drugs, imposing penalties and excise tax for manufacturers that fail to comply with the drug price negotiation requirements, requiring inflation rebates for all Medicare Part B and Part D drugs, with limited exceptions, if their drug prices increase faster than inflation, and redesigning Medicare Part D to reduce out-of-pocket prescription drug costs for beneficiaries, among other changes. In March 2023, CMS published its first guidance on how negotiations will be conducted, starting in 2026 for high expenditure drugs as determined and selected by Health and Human Services. In June 2023, CMS issued a revised guidance for the Medicare Drug Price Negotiation Program under the Inflation Reduction Act. In August 2024, CMS released the first set of negotiated prices for ten drugs under the Medicare Drug Price Negotiation Program for 2026. Various industry stakeholders, including pharmaceutical companies have initiated lawsuits against the federal government asserting that the price negotiation provisions of the Inflation Reduction Act are unconstitutional. With the Supreme Court's recent decision that overturned the Chevron doctrine, the Inflation Reduction Act as well as other administration decisions of HHS, including those of CMS, may be subject to increased litigation and judicial scrutiny. The impact of these judicial challenges as well as future legislative, executive, and administrative actions under the new presidential administration, including changes in leadership at HHS, CMS, and FDA, and new agency rules implemented by the government on us and the pharmaceutical industry as a whole is unclear. The implementation of cost containment measures or other healthcare reforms may prevent us from being able to generate revenue, attain profitability, or commercialize our product candidates if approved.

Many states have proposed or enacted legislation that seeks to indirectly or directly regulate pharmaceutical drug pricing, such as by requiring biopharmaceutical manufacturers to publicly report proprietary pricing information or to place a maximum price ceiling on pharmaceutical products purchased by state agencies. For example, a number of states are considering or have recently enacted state drug price transparency and reporting laws that could substantially increase our compliance burdens and expose us to greater liability under such state laws once we begin commercialization after obtaining regulatory approval for any of our products candidates. Such initiatives and legislation may affect the prices we may obtain or demand for any of our product candidates for which we may obtain regulatory approval.

Further, in April 2022, CMS released a national policy for coverage of aducanumab and any future monoclonal antibodies directed against amyloid approved by the FDA with an indication for use in treating Alzheimer's disease. CMS reiterated this policy in January 2023 in connection with the accelerated approval of lecanemab. According to the two-part National Coverage Determination (NCD), Medicare will cover monoclonal antibodies that target amyloid (or plaque) for the treatment of Alzheimer's disease that receive traditional approval from the FDA under coverage with evidence development. Following full approval of lecanemab in July 2023, CMS reiterated that it would broadly cover the medication while continuing to gather data. Additionally, for drugs that the FDA has not determined to have shown a clinical benefit or that received an accelerated approval, Medicare will provide coverage in FDA or National Institutes of Health approved clinical trials. In February 2023, CMS again reiterated these policies in rejecting a petition from the Alzheimer's Association to provide wider coverage for lecanemab. In June 2023, CMS announced that Medicare will cover new Alzheimer's drugs with traditional FDA approval when a physician and clinical team participate in CMS' registry to collect evidence on how these drugs work in the real world. Current and future CMS coverage restrictions on classes of drugs that encompass our product candidates could have a material adverse impact on our ability to commercialize our product candidates, if approved, generate revenue and attain profitability. It is unclear how future CMS coverage decisions and policies will impact our business.

At the state level, legislatures have increasingly passed legislation and implemented regulations designed to control pharmaceutical and biological product pricing, including price or patient reimbursement constraints, discounts, restrictions on certain product access and marketing cost disclosure and transparency measures, and, in some cases, designed to encourage importation from other countries and bulk purchasing. A number of states are considering or have recently enacted state drug price transparency and reporting laws that could substantially increase our compliance requirements and expose us to greater liability under such state laws once we begin commercialization after obtaining regulatory approval for any of our products. Further, the FDA recently authorized

the state of Florida to import certain prescription drugs from Canada for a period of two years to help reduce drug costs, provided that Florida's Agency for Health Care Administration meets the requirements set forth by the FDA. Other states may follow Florida.

We are unable to predict the future course of federal or state healthcare legislation in the United States directed at broadening the availability of healthcare and containing or lowering the cost of healthcare. These and any further changes in the law or regulatory framework that reduce our revenue or increase our costs could also have a material and adverse effect on our business, financial condition and results of operations.

The continuing efforts of the government, insurance companies, managed care organizations, and other payors of healthcare services to contain or reduce costs of healthcare and/or impose price controls may adversely affect:

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

We expect that the above healthcare reform measures and others that may be adopted in the future, may result in additional reductions in Medicare and other healthcare funding, more rigorous coverage criteria, lower reimbursement, and new payment methodologies. Any reduction in reimbursement from Medicare or other government programs may result in a similar reduction in payments from private payors. This could lower the price that we receive for any approved product. There may be further federal and state legislation and 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. Any denial in coverage or reduction in reimbursement from Medicare or other government-funded programs may result in a similar denial or reduction in payments from private payors, which may prevent us from being able to generate sufficient revenue, attain profitability, or commercialize our product candidates, if approved. In addition, increased scrutiny by the U.S. Congress of the FDA's approval process may significantly delay or prevent marketing approval, as well as subject us to more stringent product labeling and post-marketing testing and other requirements.

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

We are exposed to the risk of fraud, misconduct, or other illegal activity by our employees, independent contractors, consultants, commercial partners, and vendors. Misconduct by these parties could include intentional, reckless, and negligent conduct that fails to:

- comply with the laws of the FDA, EMA, and other comparable foreign regulatory authorities;
- provide true, complete, and accurate information to the FDA, EMA, and other comparable foreign regulatory authorities;
- comply with clinical or manufacturing standards;
- comply with healthcare fraud and abuse laws in the United States and similar foreign fraudulent misconduct laws; or
- report financial information or data accurately or disclose unauthorized activities to us.

If we obtain FDA approval of any of our product candidates and begin commercializing those products in the United States, our potential exposure under such laws will increase significantly, and our costs associated with compliance with such laws are also likely to increase. In particular, research, sales, marketing, education, and other business arrangements in the healthcare industry are subject to extensive laws designed to prevent fraud, kickbacks, self-dealing, and other abusive practices. These laws and regulations may restrict or prohibit a wide range of pricing, discounting, educating, marketing and promotion, sales and commission, certain customer incentive programs, and other business arrangements generally. We have adopted a code of business conduct and ethics and other policies, but it is not always possible to identify and deter misconduct by employees and third parties, 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. If any such actions are instituted against us, and we are not successful in defending ourselves or asserting our rights, those actions could have a significant impact on our business, including the imposition of significant fines or other sanctions.

If we fail to comply with healthcare laws, we could face substantial penalties and our business, operations, and financial conditions could be adversely affected.

If we obtain FDA approval for any of our product candidates and begin commercializing those products in the United States, our operations will be subject to various federal and state fraud and abuse laws. The laws that may impact our operations include the following:

- Among other things the federal Anti-Kickback Statute prohibits persons from knowingly and willfully soliciting, receiving, offering, or paying any remuneration (including any kickback, bribe, or rebate), directly or indirectly, overtly or covertly, in cash or in kind, to induce, or in return for, either the referral of an individual, or the purchase, lease, order, or recommendation of any good, facility, item or service for which payment may be made, in whole or in part, under a federal healthcare program, such as the Medicare and Medicaid programs. A person or entity does not need to have actual knowledge of the statute or specific intent to violate it in order to have committed a violation. In addition, the government may assert that a claim including items or services resulting from a violation of the federal Anti-Kickback Statute constitutes a false or fraudulent claim for purposes of the False Claims Act.
- Federal civil and criminal false claims laws and civil monetary penalty laws, including the False Claims Act, impose criminal and civil penalties, including through civil “qui tam” or “whistleblower” actions, against individuals or entities from knowingly presenting, or causing to be presented, claims for payment or approval from Medicare, Medicaid, or other third-party payors that are false or fraudulent or knowingly making a false statement to improperly avoid, decrease, or conceal an obligation to pay money to the federal government. Similar to the federal Anti-Kickback Statute, a person or entity does not need to have actual knowledge of these statutes or specific intent to violate them in order to have committed a violation.
- The federal Health Insurance Portability and Accountability Act of 1996 (HIPAA) created new federal criminal statutes that prohibit knowingly and willfully executing, or attempting to execute, a scheme to defraud any healthcare benefit program or obtain, by means of false or fraudulent pretenses, representations, or promises, any of the money or property owned by, or under the custody or control of, any healthcare benefit program, regardless of the payor (e.g., public or private) and knowingly and willfully falsifying, concealing, or covering up by any trick or device a material fact or making any materially false statements in connection with the delivery of, or payment for, healthcare benefits, items or services relating to healthcare matters.
- HIPAA, as amended by the Health Information Technology for Economic and Clinical Health Act of 2009 (HITECH) and their respective implementing regulations, impose requirements on certain covered healthcare providers, health plans, and healthcare clearinghouses as well as their respective business associates that perform services for them that involve the use, or disclosure of, individually identifiable health information, relating to the privacy, security, and transmission of individually identifiable health information without appropriate authorization.
- The federal Physician Payment Sunshine Act, created under the ACA, and its implementing regulations, require applicable manufacturers of drugs, devices, biologicals, and medical supplies for

which payment is available under Medicare, Medicaid, or the Children's Health Insurance Program to report annually to the U.S. Department of Health and Human Services under the Open Payments Program, information related to payments and other transfers of value made to covered recipients, including physicians (defined to include doctors, dentists, optometrists, podiatrists and chiropractors), certain non-physician healthcare professionals (such as nurse practitioners and physician assistants, among others) and teaching hospitals, and information regarding ownership and investment interests held by physicians (as defined by law) and their immediate family members.

- Federal consumer protection and unfair competition laws broadly regulate marketplace activities and activities that potentially harm consumers.
- Analogous state and foreign laws and regulations, such as state and foreign anti-kickback, false claims, consumer protection, and unfair competition laws may apply to pharmaceutical business practices, including but not limited to, research, distribution, sales, and marketing arrangements, as well as submitting claims involving healthcare items or services reimbursed by any third-party payer, including commercial insurers.
- 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 that otherwise restricts payments that may be made to healthcare providers and other potential referral sources.
- State laws also require drug manufacturers to file reports with states regarding pricing and marketing information, such as the tracking and reporting of gifts, compensations and other remuneration, and items of value provided to healthcare professionals and entities.
- State and foreign laws also govern the privacy and security of health information in certain circumstances, such as Washington's My Health, My Data Act, which, among other things, provides for a private right of action. Many of these laws differ from each other in significant ways and may not have the same effect, thus complicating compliance efforts.

Because of the breadth of these laws and the narrowness of the statutory exceptions and safe harbors available, it is possible that some of our business activities could, despite our efforts to comply, be subject to challenge under one or more of such laws. Efforts to ensure that our business arrangements will comply with applicable healthcare laws may involve substantial costs. It is possible that governmental and enforcement authorities will conclude that our business practices may not comply with current or future statutes, regulations or case law interpreting applicable fraud and abuse or other healthcare laws and regulations. If any such actions are instituted against us, and we are not successful in defending ourselves or asserting our rights, those actions could have a significant impact on our business, including the imposition of civil, criminal, and administrative penalties, damages, disgorgement, monetary fines, possible exclusion from participation in Medicare, Medicaid, and other federal healthcare programs, contractual damages, reputational harm, diminished profits and future earnings, and curtailment of our operations, any of which could adversely affect our ability to operate our business and our results of operations. In addition, the approval and commercialization of any of our product candidates outside the United States will also likely subject us to foreign equivalents of the healthcare laws mentioned above, among other foreign laws.

If we or any contract manufacturers and suppliers we engage fail to comply with environmental, health, and safety laws and regulations, we could become subject to fines or penalties or incur costs that could have a material adverse effect on our business.

We and any contract manufacturers and suppliers we engage are subject to numerous federal, state, and local environmental, health, and safety laws, regulations, and permitting requirements, including those governing laboratory procedures; the generation, handling, use, storage, treatment, and disposal of hazardous and regulated materials and wastes; the emission and discharge of hazardous materials into the ground, air, and water; and employee health and safety. Our operations involve the use of hazardous and flammable materials, including chemicals and biological and radioactive materials. Our operations also produce hazardous waste. We generally contract with third parties for the disposal of these materials and wastes. We cannot eliminate the risk of contamination or injury from these materials. In the event of contamination or injury resulting from our use of hazardous materials, we could be held liable for any resulting damages, and any liability could exceed our resources. Under certain environmental laws, we could be held responsible for costs relating to any contamination at our

current or past facilities and at third-party facilities. We also could incur significant costs associated with civil or criminal fines and penalties.

Compliance with applicable environmental laws and regulations may be expensive, and current or future environmental laws and regulations may impair our research, product development, and manufacturing efforts. In addition, we cannot entirely eliminate the risk of accidental injury or contamination from these materials or wastes. Although we maintain workers' compensation insurance to cover us for costs and expenses we may incur due to injuries to our employees resulting from the use of hazardous materials, this insurance may not provide adequate coverage against potential liabilities. We do not carry specific biological or hazardous waste insurance coverage, and our property, casualty, and general liability insurance policies specifically exclude coverage for damages and fines arising from biological or hazardous waste exposure or contamination. Accordingly, in the event of contamination or injury, we could be held liable for damages or be penalized with fines in an amount exceeding our resources, and our clinical trials or regulatory approvals could be suspended, which could have a material adverse effect on our business, financial condition, results of operations, and prospects.

Our business is subject to complex and evolving U.S. and foreign laws and regulations relating to security, privacy and data protection. These laws and regulations are subject to change and uncertain interpretation, and could result in claims, changes to our business practices, or monetary penalties, and otherwise may harm our business.

A wide variety of state, national, and international laws and regulations apply to security and cybersecurity requirements and the collection, use, retention, protection, disclosure, transfer, and other processing of personal data, including the data obtained in our clinical trials. These laws and regulations include the General Data Protection Regulation (GDPR) in the European Union and similar requirements in other jurisdictions, as well as privacy laws within the United States. These security and data protection and privacy-related laws and regulations are evolving and may result in ever-increasing regulatory and public scrutiny and escalating levels of enforcement and sanctions. We are continually working to comply with these laws, and we have devoted, and anticipate needing to continue to devote, significant additional resources to our compliance efforts. It is possible that new legislation or regulations may impose new obligations and requirements on similarly situated companies, and these laws or regulations may be interpreted and applied in a manner that is inconsistent from jurisdiction to jurisdiction, that can result in new or modified compliance obligations or that may be inconsistent with our policies and practices. Our actual or perceived failure to adequately comply with applicable laws and regulations relating to security, privacy, and data protection, to protect our systems, personal data, and other data we process or maintain, or to obtain appropriate consent with respect to our use, processing, disclosure or transfer of personal data, including data obtained in our clinical trials, could result in regulatory fines, investigations and enforcement actions, penalties and other liabilities, claims for damages by affected individuals, and damage to our reputation, and could impact our ability to use, process, disclose, or transfer data obtained in our clinical trials, any of which could materially affect our business, financial condition, results of operations, and prospects.

Inadequate funding for the FDA and other government agencies, or changes or reductions in such agencies' management and personnel, could hinder their ability to hire and retain key leadership and other personnel, prevent new products and services from being developed or commercialized in a timely manner or otherwise prevent those agencies from performing normal business functions on which the operation of our business may rely, which could negatively impact our business.

The ability of the FDA to review and approve new products can be affected by a variety of factors, including government budget and funding levels, ability to hire and retain key personnel and accept the payment of user fees, and statutory, regulatory, and policy changes. Average review times at the agency have fluctuated in recent years as a result. In addition, government funding of other government agencies on which our operations may rely, including those that fund research and development activities is subject to the political process, which is inherently fluid and unpredictable. Disruptions at the FDA and other agencies may also slow the time necessary for new drugs to be reviewed and/or approved by necessary government agencies, which would adversely affect our business. Changes in the leadership at federal agencies under the new presidential administration, as well as executive orders and actions, such as a freeze on hiring, regulatory freeze pending review by the new administration, and a freeze on external communications and federal funding, may also impact our clinical development and business operations and that of our partners or collaborators. In the past, the U.S. government has experienced budgetary shutdowns and certain regulatory agencies, such as the FDA, have had to furlough critical FDA and other government 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. Further, in our operations as a public company, future government shutdowns could impact our ability to access the public markets and obtain necessary capital in order to properly capitalize and continue our operations.

Our business activities may be subject to the Foreign Corrupt Practices Act (FCPA), similar anti-bribery and anti-corruption laws, and other regulations.

Our business activities may be subject to the FCPA and similar anti-bribery or anti-corruption laws, regulations, or rules of other countries in which we operate, including the U.K. Bribery Act. The FCPA generally prohibits offering, promising, giving, or authorizing others to give anything of value, either directly or indirectly, to a non-U.S. government official in order to influence official action, or otherwise obtain or retain business. The FCPA also requires public companies to make and keep books and records that accurately and fairly reflect the transactions of the corporation and to devise and maintain an adequate system of internal accounting controls. Our business is heavily regulated and therefore involves significant interaction with public officials, including officials of non-U.S. governments. Additionally, in many other countries, the healthcare providers who engage in our clinical trials or prescribe pharmaceuticals are employed by their government, and the purchasers of pharmaceuticals are government entities; therefore, our dealings with these investigators, prescribers and purchasers are subject to regulation under the FCPA.

Recently the SEC and Department of Justice have increased their FCPA enforcement activities with respect to biotechnology and pharmaceutical companies. There is no certainty that all of our employees, agents, contractors, or collaborators, or those of our affiliates, will comply with all applicable laws and regulations, particularly given the high level of complexity of these laws. Violations of these laws and regulations could result in fines, criminal sanctions against us, our officers, or our employees, the closing down of our facilities, requirements to obtain export licenses, cessation of business activities in sanctioned countries, implementation of compliance programs, and prohibitions on the conduct of our business. Any such violations could include prohibitions on our ability to offer our products in one or more countries and could materially damage our reputation, our brand, our international expansion efforts, our ability to attract and retain employees, and our business, prospects, operating results, and financial condition.

Risks Related to Our Reliance on Third Parties

We expect to depend on collaborations with third parties for the research, development, and commercialization of certain of the product candidates we may develop. If any such collaborations are not successful, we may not be able to realize the market potential of those product candidates.

We currently use and expect to continue to use third-party collaborators for the research, development, and commercialization of certain of the product candidates we may develop, including our arrangements with GSK, Adimab, and previously, AbbVie. As discussed previously, GSK can terminate the GSK Agreement with us, subject to certain notice provisions, in its entirety and for convenience at any time. Adimab can terminate its agreement with us in the event of our uncured materials breaches, and subject to certain notice requirements. In January 2025, AbbVie decided to terminate the AbbVie Agreement after the INVOKE-2 Phase 2 clinical trial evaluating the safety and efficacy of AL002 in slowing disease progression in individuals with early AD failed to meet the primary endpoint. In the event that another of our current third-party collaborators discontinues its collaboration with us, we may not be able to find a suitable alternative collaboration partner or partners, or we may need to obtain and expend additional and unanticipated capital to maintain our current development programs.

Our likely collaborators for any other collaboration arrangements include large and mid-sized pharmaceutical companies, regional and national pharmaceutical companies, biotechnology companies, and academic institutions. Such arrangements with any third parties generally provide us with shared or limited control over the amount and timing of resources that our collaborators dedicate to the development or potential commercialization of any product candidates we may seek to develop with them. Our ability to generate revenue from these arrangements with commercial entities will depend on our collaborators' abilities to successfully perform the functions assigned to them in these arrangements. We cannot predict the success of our current collaborations or any collaboration that we may enter into.

Collaborations involving our research programs, or any product candidates we may develop, pose risks to us, including the following:

- collaborators generally have significant discretion in determining the efforts and resources that they will apply to collaborations;
- collaborators may decide to not pursue development and commercialization of any product candidates we develop or may elect not to continue or renew development or commercialization programs, for example, based on clinical trial results, changes in the collaborator's strategic focus or available funding, the collaborator's assessment regarding the commercial viability of the product candidate, or external factors such as an acquisition that diverts resources or creates competing priorities or collaborators may elect to fund or commercialize a competing product;
- collaborators may delay clinical trials, provide insufficient funding for a clinical trial program, provide insufficient quantities of materials for a clinical trial program, stop a clinical trial or abandon a product candidate, repeat or conduct new clinical trials, or require a new formulation of a product candidate for clinical testing;
- collaborations may be terminated in their entirety or with respect to certain product candidates or technologies and, if so terminated, may result in a need for additional capital to pursue further development or commercialization of the applicable product candidates or technologies;
- collaborators may not properly obtain, maintain, enforce, or defend intellectual property or proprietary rights relating to our product candidates or research programs or may use our proprietary information in such a way as to expose us to potential litigation or other intellectual property related proceedings, including proceedings challenging the scope, ownership, validity, and enforceability of our intellectual property;
- collaborators may own or co-own intellectual property covering our product candidates or research and development programs that results from our collaboration with them, and in such cases, we may not have the exclusive right to commercialize such intellectual property or such product candidates or research programs;
- we may need the cooperation of our collaborators to enforce or defend any intellectual property we contribute to or that arises out of our collaborations, which may not be provided to us;
- collaborators may control certain interactions with regulatory authorities, which may impact our ability to obtain and maintain regulatory approval of our product candidates;
- disputes may arise between the collaborators and us that result in the delay or termination of the research, development, or commercialization of our product candidates or research programs or that result in costly litigation or arbitration that diverts management attention and resources;
- collaborators could independently develop, or develop with third parties, products that compete directly or indirectly with our product candidates or research programs if the collaborators believe that competitive products are more likely to be successfully developed or can be commercialized under terms that are more economically attractive than ours;
- collaborators may restrict us from researching, developing, or commercializing certain products or technologies without their involvement;
- collaborators with manufacturing, marketing, or distribution rights to one or more product candidates may not commit sufficient resources to the manufacture, marketing, or distribution of such product candidates;
- we may lose certain valuable rights under circumstances identified in our collaborations, including if we undergo a change of control;
- collaborators may grant sublicenses to our technology or product candidates or undergo a change of control, and the sublicensees or new owners may decide to take the collaboration in a direction which is not in our best interest;

- collaborators may become bankrupt, which may significantly delay our research or development programs, or may cause us to lose access to valuable technology, know-how, or intellectual property of the collaborator relating to our products, product candidates, or research programs;
- key personnel at our collaborators may leave, which could negatively impact our ability to productively work with our collaborators;
- collaborations may require us to incur short and long-term expenditures, issue securities that dilute our stockholders, or disrupt our management and business;
- if our collaborators do not satisfy their obligations under our agreements with them, if they terminate our collaborations with them, or if we fail to satisfy our obligations to our collaborators, we may not be able to develop or commercialize product candidates as planned;
- the terms of a collaboration agreement may be amended in a manner that could negatively impact us;
- collaborations may require us to share in development and commercialization costs pursuant to budgets that we do not fully control, and our failure to share in such costs could have a detrimental impact on the collaboration or our ability to share in revenue generated under the collaboration;
- collaboration agreements may not lead to development or commercialization of product candidates in the most efficient manner or at all; and
- if a present or future collaborator of ours were to be involved in a business combination, such as a merger or acquisition, the continued pursuit and emphasis on our development or commercialization program under such collaboration could be delayed, diminished, or terminated.

For example, AbbVie, after reviewing the CD33 collaboration program with us, decided to terminate the CD33 collaboration program, under which AL003 was being developed. AbbVie later decided to terminate the TREM2 collaboration program, under which AL002 was being developed, resulting in termination of the AbbVie Agreement. Additionally, GSK is conducting the PROGRESS-AD Phase 2 trial with AL101/GSK4527226, and Alector is responsible for up to \$140.5 million of the costs of such study. As such, the timing at which such costs are incurred, and the day-to-day operations of conducting such study are not within Alector's control.

We may face significant competition in seeking appropriate collaborations. For example, business combinations among biotechnology and pharmaceutical companies have resulted in a reduced number of potential collaborators. In addition, the negotiation process is time-consuming and complex, and we may not be able to negotiate collaborations on a timely basis, on acceptable terms, or at all. If we are unable to do so, we may have to curtail the development of the product candidate for which we are seeking to collaborate, reduce or delay its development program or one or more of our other development programs, delay its potential commercialization or reduce the scope of any sales or marketing activities, or increase our expenditures and undertake development or commercialization activities at our own expense. If we elect to increase our expenditures to fund development or commercialization activities on our own, we may need to obtain additional capital, which may not be available to us on acceptable terms or at all. If we do not have sufficient funds, we may not be able to further develop product candidates or bring them to market and generate product revenue.

We may not realize the benefit of collaborations if we or our collaborator elects not to exercise the rights granted under the agreement or if we or our collaborator are unable to successfully integrate a product candidate into existing operations and company culture. For example, in January 2025, AbbVie decided to terminate the TREM2 collaboration program, which resulted in termination of the AbbVie Agreement, after the INVOKE-2 Phase 2 clinical trial evaluating the safety and efficacy of AL002 in slowing disease progression in individuals with early AD failed to meet the primary endpoint. Therefore, we will not receive a \$250.0 million milestone payment for AbbVie's opting into the AL002 program or any future payments, and all rights to the TREM2 program have reverted back to us. In addition, if our agreement with any of our collaborators terminates, our access to technology and intellectual property licensed to us by that collaborator may be restricted or terminate entirely, which may delay our continued development of our product candidates utilizing the collaborator's technology or intellectual property or require us to stop development of those product candidates completely. We may also find it more difficult to find a suitable replacement collaborator or attract new collaborators, and our development programs may be delayed or the perception of us in the business and financial communities could be adversely affected. Many of the risks relating to product development, regulatory approval, and commercialization described in this "Risk Factors"

section also apply to the activities of our collaborators and any negative impact on our collaborators may adversely affect us.

We expect to rely on third parties to conduct our clinical trials and some aspects of our research and preclinical testing, and those third parties may not perform satisfactorily, including failing to meet deadlines for the completion of such trials, research, or testing.

We currently rely and expect to continue to rely on third parties, such as CROs, clinical data management organizations, medical institutions, and clinical investigators, to conduct some aspects of our research and preclinical testing and our clinical trials. Any of these third parties may terminate their engagements with us or be unable to fulfill their contractual obligations. If we need to enter into alternative arrangements, it would delay our product development activities.

Our reliance on these third parties for research and development activities reduces our control over these activities but does not relieve us of our responsibilities. For example, we remain responsible for ensuring that each of our clinical trials is conducted in accordance with the general investigational plan and protocols for the trial. For example, if our CROs or clinical sites deviate from the clinical protocol or cGCPs, then such deviations could have serious negative impacts on our trials, including exclusion of patients or sites from our trials, which could put patients at risk or make assessment of the clinical endpoints infeasible or inconclusive. Moreover, the FDA requires us to comply with cGCPs for conducting, recording, and reporting the results of clinical trials to assure that data and reported results are credible, reproducible, and accurate and that the rights, integrity, and confidentiality of trial participants are protected. We also are required to register ongoing clinical trials and post the results of completed clinical trials on government-sponsored databases within certain timeframes. We may also be exposed to additional liabilities if our contracted third parties engage in activities associated with improper use of information obtained in the course of patient recruitment for our clinical trials, cGCP noncompliance or noncompliance under applicable privacy laws, which could result in regulatory sanctions and cause serious harm to our reputation and business operations. Failure to do so can result in fines, adverse publicity, and civil and criminal sanctions.

If these third parties do not successfully carry out their contractual duties, meet expected deadlines, or conduct our clinical trials in accordance with regulatory requirements or our stated protocols, we will not be able to obtain, or may be delayed in obtaining, clinical data to advance development of any of our product candidates or to achieve marketing approvals for any of our product candidates and we will not be able to, or may be delayed in our efforts to, successfully commercialize our medicines.

We also expect to rely on other third parties to store and distribute drug supplies for our clinical trials. Any performance failure on the part of our distributors, including with the shipment of any drug supplies, could delay clinical development or marketing approval of any product candidates we may develop or commercialization of our medicines, producing additional losses and depriving us of potential product revenue.

We contract with third parties for the manufacture of materials for our research programs, preclinical studies, clinical trials, and for commercialization of any product candidates that we may develop. Additionally, GSK, and other potential partners, currently have or may in the future have certain product manufacturing rights under their respective agreements. This reliance on third parties carries and may increase the risk that we will not have sufficient quantities of such materials, product candidates, or any medicines that we may develop and commercialize, or that such supply will not be available to us at an acceptable cost, which could delay, prevent, or impair our development or commercialization efforts.

We do not have any manufacturing facilities. We currently rely on CDMOs for the manufacture of our materials for preclinical studies and clinical trials and expect to continue to do so for preclinical studies, clinical trials, and for commercial supply of any product candidates that we may develop. We currently have established relationships with several CDMOs for the manufacture of each of our product candidates, and GSK will be assuming responsibility for manufacturing latozinemab and AL101. We may be unable to establish any further agreements with CDMOs or to do so on acceptable terms. Even if we are able to establish agreements with third-party manufacturers, reliance on CDMOs entails additional risks, including:

- the possible breach of the manufacturing agreement by the third party;
- the possible termination or nonrenewal of the agreement by the third party at a time that is costly or inconvenient for us;

- the possible site closure or other change by the third party that would require adjustments to our production processes, location or otherwise;
- reliance on the third party for regulatory compliance, quality assurance, safety, and pharmacovigilance and related reporting; and
- the inability to produce required volume in a timely manner and to quality standards.

Third-party manufacturers may not be able to comply with cGMP regulations or similar regulatory requirements outside the United States. Our failure, or the failure of our CDMOs or collaboration partners, to comply with applicable regulations could result in clinical holds on our trials, sanctions being imposed on us, including fines, injunctions, civil penalties, delays, suspension or withdrawal of approvals, license revocations, seizures, or recalls of product candidates or medicines, operating restrictions, and criminal prosecutions, any of which could significantly and adversely affect supplies of our medicines and harm our business, financial condition, results of operations, and prospects.

Any medicines that we may develop may compete with other product candidates and products for access to manufacturing facilities. There are a limited number of manufacturers that operate under cGMP regulations and that might be capable of manufacturing for us.

Any performance failure on the part of our existing or future third-party manufacturers could delay clinical development or marketing approval. If any one of our current contract manufacturers cannot perform as agreed, we may be required to replace that manufacturer and may incur added costs and delays in identifying and qualifying any such replacement. Furthermore, securing and reserving production capacity with contract manufacturers may result in significant costs.

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

We, and the CDMO partners on which we rely, depend on third-party suppliers for key raw materials used in our manufacturing processes, and the loss of these third-party suppliers or their inability to supply us with adequate raw materials, could harm our business.

We and the CDMO partners on which we rely depend on third-party suppliers for the supply of the raw materials required for the production of our product candidates, and we expect to continue to depend on third-party manufacturers for the commercial supply of any of our product candidates for which we obtain marketing approval. Their dependence on these third-party suppliers and the challenges faced in obtaining adequate supplies of raw materials involve several risks, including supply chain issues caused by the effects of worldwide economic conditions, including pandemics and other public health outbreaks, national security concerns, export or import restrictions, trade tariffs, or other geopolitical events, limited control over pricing, the availability of such materials, the quality of such materials, and delivery schedules. To the extent our business relies on customers, vendors, or suppliers in countries where the U.S. government has imposed any of these or other trade restrictions, our business may experience a material adverse effect. As a small company, our negotiation leverage is limited, and we are likely to get lower priority than our competitors who are larger than we are. We do not have long-term supply agreements, and we purchase our required drug product on a development manufacturing services agreement or purchase order basis. We cannot be certain that suppliers will continue to provide the quantities of these raw materials that are required or satisfy the anticipated specifications and quality requirements. Any supply interruption in limited or sole sourced raw materials, including those caused by the effects of worldwide economic conditions including pandemics and other public health outbreaks, geopolitical events, export or import restrictions, or trade tariffs, could materially harm our ability to manufacture our product candidates until a new source of supply, if any, can be identified and qualified. In such an event, we may be unable to find a sufficient alternative supply channel in a reasonable time or on commercially reasonable terms. Any performance failure on the part of the suppliers could delay the

development and potential commercialization of our product candidates, including limiting supplies necessary for clinical trials and regulatory approvals, which would have a material adverse effect on our business.

Risks Related to Our Intellectual Property

If we are unable to obtain and maintain patent protection for any product candidates we develop, our competitors could develop and commercialize products similar or identical to ours, and our ability to successfully commercialize any product candidates we may develop may be adversely affected.

Our success depends in large part on our ability to obtain and maintain patent protection in the United States and other countries with respect to our proprietary product candidates and other technologies we may develop. We seek to protect our proprietary position by filing patent applications in the United States and abroad relating to our core programs and product candidates, as well as other technologies that are important to our business. As our product candidates enter and progress through clinical development, we continue to pursue intellectual property protection with respect to certain aspects of those product candidates. For example, we have filed or intend to file patent applications on aspects of our technology and core product candidates; however, there can be no assurance that any such patent applications will issue as granted patents. Furthermore, in cases in which we have only filed provisional patent applications on certain aspects of our technology and product candidates, each of those provisional patent applications is not eligible to become an issued patent until, among other things, we file a non-provisional patent application within 12 months of the filing date of the applicable provisional patent application. Any failure to file a non-provisional patent application within this timeline could cause us to lose the ability to obtain patent protection for the inventions disclosed in the associated provisional patent applications. Furthermore, in some cases, we may not be able to obtain issued claims covering compositions relating to our core programs and product candidates, as well as other technologies that are important to our business, and instead may need to rely on filing patent applications with claims covering a method of use and/or method of manufacture for protection of such core programs, product candidates, and other technologies. There can be no assurance that any such patent applications will issue as granted patents, and even if they do issue, such patent claims may be insufficient to prevent third parties, such as our competitors, from utilizing our technology. Any failure to obtain or maintain patent protection with respect to our core programs and product candidates could have a material adverse effect on our business, financial condition, results of operations, and prospects.

If any of our patent applications, or those of our collaborators, do not issue as patents in any jurisdiction, we may not be able to compete effectively.

Changes in either the patent laws or their interpretation in the United States and other countries may diminish our ability to protect our inventions, obtain, maintain, and enforce our intellectual property rights and, more generally, could affect the value of our intellectual property or narrow the scope of our patents or those of our collaborators with respect to our product candidates. With respect to both our intellectual property and that of our collaborators related to our product candidates, we cannot predict whether the patent applications we and our collaborators are currently pursuing will issue as patents in any particular jurisdiction or whether the claims of any issued patents will provide sufficient protection from competitors or other third parties.

The patent prosecution process is expensive, time-consuming, and complex, and we or our collaborators may not be able to file, prosecute, maintain, enforce, or license all necessary or desirable patent applications at a reasonable cost or in a timely manner. It is also possible that we will fail to identify patentable aspects of our research and development output in time to obtain patent protection. Although we enter into nondisclosure and confidentiality agreements with parties who have access to confidential or patentable aspects of our research and development output, such as our employees, corporate collaborators, outside scientific collaborators, CROs, CDMOs, consultants, advisors, and other third parties, any of these parties may breach the agreements and disclose such output before a patent application is filed, thereby jeopardizing our ability to seek patent protection. In addition, our ability to obtain and maintain valid and enforceable patents depends on whether the differences between our inventions and the prior art allow our inventions to be patentable over the prior art. Furthermore, publications of discoveries in the scientific literature often lag behind the actual discoveries, and patent applications in the United States and other jurisdictions are typically not published until 18 months after filing, or in some cases not at all. Therefore, we cannot be certain that we or our collaborators were first to file for patent protection of such inventions.

If the scope of any patent protection we obtain is not sufficiently broad, or if we lose any of our patent protection, our ability to prevent our competitors from commercializing similar or identical technology and product candidates would be adversely affected.

The patent position of biotechnology and pharmaceutical companies generally is highly uncertain, involves complex legal and factual questions, and has been the subject of much litigation in recent years. As a result, the issuance, scope, validity, enforceability, and commercial value of our patent rights are highly uncertain. Our or our collaborators' pending and future patent applications may not result in patents being issued which protect our product candidates or other technologies or which effectively prevent others from commercializing competitive technologies and product candidates.

Moreover, the coverage claimed in a patent application can be significantly reduced before the patent is issued, and its scope can be reinterpreted after issuance. Even if patent applications we or our collaborators license or own currently or in the future issue as patents, they may not issue in a form that will provide us with any meaningful protection, prevent competitors or other third parties from competing with us, or otherwise provide us with any competitive advantage. Any patents to which we or our collaborators have rights may be challenged, narrowed, circumvented, or invalidated by third parties. Consequently, we do not know whether product candidates or other technologies will be protectable or remain protected by valid and enforceable patents. Our competitors or other third parties may be able to circumvent our patents by developing similar or alternative technologies or products in a non-infringing manner which could materially adversely affect our business, financial condition, results of operations and prospects.

The issuance of a patent is not conclusive as to its inventorship, scope, validity, or enforceability, and our patents may be challenged in the courts or patent offices in the United States and abroad. We or our collaborators may be subject to a third-party pre-issuance submission of prior art to the United States Patent and Trademark Office (USPTO) or foreign patent offices or become involved in opposition, derivation, revocation, reexamination, post-grant and *inter partes* review, inventorship dispute, or interference proceedings or other similar proceedings challenging our or our collaborators' patent rights. An adverse determination in any such submission, proceeding, or litigation could reduce the scope of, or invalidate or render unenforceable, such patent rights, allow third parties to commercialize our product candidates or other technologies and compete directly with us, without payment to us. Moreover, we, or any one of our collaborators, may have to participate in post-grant challenge proceedings, such as oppositions in a foreign patent office, in which a third party challenges the features of patentability with respect to our or our collaborators' patents and patent applications. Such challenges may result in loss of patent rights, 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 products, or limit the duration of the patent protection for our product candidates and other technologies. Such proceedings also may result in substantial cost and require significant time from our scientists and management, even if the eventual outcome is favorable to us. If we or our collaborators are unsuccessful in any such proceeding or other inventorship dispute, we may be required to obtain and maintain licenses from third parties. Such licenses may not be available on commercially reasonable terms or at all, or may be non-exclusive. If we are unable to obtain and maintain such licenses, we may need to cease the development, manufacture, and commercialization of one or more of the product candidates we may develop. The loss of exclusivity or the narrowing of our owned and licensed patent claims could limit our ability to stop others from using or commercializing similar or identical technology and products.

In addition, given the amount of time required for the development, testing, and regulatory review of new product candidates, patents protecting such product candidates might expire before or shortly after such product candidates are commercialized. As a result, our intellectual property may not provide us with rights to exclude others for sufficient period of time from commercializing products similar or identical to ours.

Some of our patents and patent applications may be co-owned with third parties. In addition, collaborators or future licensors may co-own their patents and patent applications with other third parties with whom we do not have a direct relationship. Our rights to certain of these patents and patent applications may be dependent, in part, on inter-institutional or other operating agreements between the joint owners of such patents and patent applications, who are not parties to our license agreements. If our collaborators or future licensors do not have exclusive control of the grant of licenses under any such third-party co-owners' interest in such patents or patent applications or we are otherwise unable to secure such exclusive rights, such co-owners may be able to license their rights to other third parties, including our competitors, and our competitors could market competing products and technology to the extent such products and technology are not also covered by our intellectual property. In addition, we may need the

cooperation of any such co-owners of our patents in order to enforce such patents against third parties, and such cooperation may not be provided to us. Any of the foregoing could have a material adverse effect on our competitive position, business, financial conditions, results of operations, and prospects.

Our rights to develop and commercialize are subject, in part, to the terms and conditions of agreements with others, including terms and conditions regarding intellectual property rights.

We rely on certain patent rights and proprietary technology from third parties that are important or necessary to the development of our product candidates, and development and commercialization of our product candidates are subject to the terms and conditions of certain collaboration agreements with third parties. For example, in 2014 we entered into the Adimab Collaboration Agreement. Under that Agreement, we are developing antibodies discovered by Adimab, which are our latozinemab and AL101 product candidates. In August 2019, we entered into a new collaboration agreement with Adimab for development of antibodies for use in future programs. We did not develop any antibodies under that agreement, which has expired. In 2021, we entered into another collaboration agreement with Adimab, which granted us an exclusive option to obtain a specified number of engineered sequences discovered or optimized by Adimab and directed against targets that we select. We did not option any engineered sequences under that agreement, which has expired. Additionally, in October 2017, we entered into an agreement with AbbVie to co-develop and commercialize medicines with AbbVie to treat Alzheimer's disease and other neurodegenerative diseases. That agreement has been terminated, and rights to the programs under that agreement, SIGLEC 3 and TREM2, have reverted back to us. In July 2021, we entered into the GSK Agreement to collaborate on the global development and commercialization of the progranulin-elevating monoclonal antibodies, latozinemab and AL101.

Our agreements with Adimab, GSK, and other agreements we enter into in the future may not provide exclusive rights to use certain intellectual property and technology retained by the collaborator in all relevant fields of use and in all territories in which we may wish to develop or commercialize our technology and products in the future. As a result, we may not be able to prevent competitors or other third parties from developing and commercializing competitive products that utilize technology retained by such collaborators to the extent such products are not also covered by our intellectual property.

In addition, subject to the terms of any such agreements, we may not have the right to control the preparation, filing, prosecution, and maintenance, and we may not have the right to control the enforcement and defense of certain patents and patent applications relating to or affecting our development candidates. For example, the GSK Agreement provides GSK with certain rights with respect to preparation, filing, prosecution, maintenance, enforcement, and defense of certain patents and patent applications.

We cannot be certain that patents and patent applications as to which preparation, filing, prosecution, maintenance, enforcement, or defense are controlled by our collaborators will be prepared, filed, prosecuted, maintained, enforced, and defended in a manner consistent with the best interests of our business. If our collaborators fail to prosecute, maintain, enforce, and defend such patents, or lose rights to those patents or patent applications, our rights to such patents may be reduced or eliminated, our right to develop and commercialize any of our product candidates that are the subject of such rights could be adversely affected, and we may have a reduced ability to prevent competitors from making, using, and selling competing products. In addition, even where we have the right to control prosecution of patent applications we have licensed to and from collaborators, we may still be adversely affected or prejudiced by actions or inactions of our collaborators that took place prior to the date upon which we assumed control of patent prosecution.

Furthermore, our or our collaborators' patents may be subject to a reservation of rights by one or more third parties. For example, we received an award from the National Institute of Health in support of our research into the production and characterization of novel therapeutic antibodies against the neurotrophic factor PGRN degrading receptor SORT1. As a result, the U.S. government may have certain rights to resulting intellectual property. When new technologies are developed with U.S. government funding, the U.S. government generally obtains certain rights in any resulting patents, including a non-exclusive license authorizing the U.S. government to use the invention or to have others use the invention on its behalf. The U.S. government's rights may also permit it to disclose the funded inventions and technology to third parties and to exercise march-in rights to use or allow third parties to use the technology developed using U.S. government funding. The U.S. government may exercise its march-in rights if it determines that action is necessary because we fail to achieve the practical application of the government funded technology, or because action is necessary to alleviate health or safety needs, to meet requirements for public use

under federal regulations, or to give preference to U.S. industry. In addition, our rights in such inventions may be subject to certain requirements to manufacture products embodying such inventions in facilities in the United States in certain circumstances and if the U.S. government does not waive this requirement. Any exercise by the U.S. government of such rights or by any third party of its reserved rights could have a material adverse effect on our competitive position, business, financial condition, results of operations, and prospects.

Moreover, the government may implement new policies and guidelines that impose certain risks on our intellectual property. On July 28, 2023, President Biden issued an Executive Order that emphasized a preference for domestic manufacturing for subject inventions under the Bayh Dole Act (Bayh Dole). On December 7, 2023, the National Institutes of Science and Technology (NIST) published a draft framework for expanding the use of the government's march-in rights under Bayh Dole. To date, the government has not exercised its march-in rights against any federal funding recipient (assignee or exclusive licensee). However, the framework proposes using the price of pharmaceuticals as a factor in determining whether a federally funded drug is sufficiently accessible to the public and as a basis for the exercise of the government's march-in rights. If the final framework applies to certain inventions developed with government funding and no waivers or exceptions apply, the U.S. government could exercise its march-in rights for these subject inventions under the new framework, which could have a material adverse effect on our competitive position, business, financial condition, results of operations, and prospects.

If we fail to comply with our obligations in the agreements under which we option or license intellectual property rights from our collaborators or future licensors or otherwise experience disruptions to our business relationships with our collaborators or future licensors, we could lose intellectual property rights that are important to our business.

We have entered into agreements with our collaborators to option or license certain intellectual property and may need to obtain additional intellectual property rights from others to advance our research or allow commercialization of product candidates we may develop. It is possible that we may be unable to obtain additional intellectual property rights at a reasonable cost or on reasonable terms, if at all. In that event, we may be required to expend significant time and resources to redesign our technology, product candidates, or the methods for manufacturing them or to develop or license replacement technology, all of which may not be feasible on a technical or commercial basis. If we are unable to do so, we may be unable to develop or commercialize the affected product candidates, which could harm our business, financial condition, results of operations, and prospects significantly. We cannot provide any assurances that third-party patents do not exist which might be enforced against our current technology, manufacturing methods, product candidates, or future methods or products resulting in either an injunction prohibiting our manufacture or future sales, or, with respect to our future sales, an obligation on our part to pay royalties and/or other forms of compensation to third parties, which could be significant.

In addition, each of our agreements with collaborators do, and we expect our future agreements will, impose various economic, development, diligence, commercialization, and other obligations on us. Certain of our collaboration agreements also require us to meet development timelines, or to exercise commercially reasonable efforts to develop and commercialize licensed products. In spite of our efforts, our collaborators might conclude that we have materially breached our obligations under such agreements and might therefore terminate or seek damages under the agreements, thereby removing or limiting our ability to develop and commercialize products and technology covered by these agreements. If termination of these agreements causes us to lose the rights to certain patents or other intellectual property, or if the underlying patents fail to provide the intended exclusivity, competitors or other third parties may have the freedom to seek regulatory approval of, and to market, products similar to or identical to ours and we may be required to cease our development and commercialization of certain of our product candidates. Any of the foregoing could have a material adverse effect on our competitive position, business, financial conditions, results of operations, and growth prospects.

Moreover, disputes may arise regarding intellectual property subject to a collaboration agreement, including:

- the scope of the option or license rights granted under the agreement and other interpretation-related issues;
- the extent to which our technology and processes infringe on intellectual property of the collaborator that is not subject to the option or license rights granted under the agreement;
- the sublicensing of patent and other rights under our collaborative development relationships;

- our diligence obligations under the agreement and what activities satisfy those diligence obligations; and
- the inventorship and ownership of inventions and know-how resulting from the joint creation or use of intellectual property by our collaborators and us and our other partners.

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

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

Filing, prosecuting, and defending patents on our product candidates and other technologies in all countries throughout the world would be prohibitively expensive, and the laws of foreign countries may not protect our rights to the same extent as the laws of the United States.

Consequently, we may not be able to prevent third parties from practicing our inventions in all countries outside the United States, or from selling or importing products made using our inventions in or into the United States or other jurisdictions. Competitors may use our technologies in jurisdictions where we have not obtained patent protection to develop their own products, and, further, may export otherwise infringing products to territories where we have patent protection but enforcement is not as strong as that in the United States. These products may compete with our products, and our patents or other intellectual property rights may not be effective or sufficient to prevent them from competing.

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

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

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

Periodic maintenance fees, renewal fees, annuity fees, and various other government fees on patents and applications will be due to the USPTO and various government patent agencies outside of the United States over the lifetime of our owned or licensed patents and applications. In certain circumstances, we rely on our collaborators or licensing partners to pay these fees due to U.S. and non-U.S. patent agencies. The USPTO and various non-U.S.

government agencies require compliance with several procedural, documentary, fee payment, and other similar provisions during the patent application process. We also are dependent on our collaborators or licensors to take the necessary action to comply with these requirements with respect to our licensed intellectual property. In some cases, an inadvertent lapse can be cured by payment of a late fee or by other means in accordance with the applicable rules. There are situations, however, in which non-compliance can result in abandonment or lapse of the patent or patent application, resulting in a partial or complete loss of patent rights in the relevant jurisdiction. In such an event, potential competitors might be able to enter the market with similar or identical products or technology, which could have a material adverse effect on our business, financial condition, results of operations, and growth prospects.

The ongoing conflict between Russia and Ukraine, including the sanctions targeting Russia, could interfere with filing of patent applications, prosecution of applications, and maintenance of issued patents in Russia, Ukraine, and via the Eurasian Patent Office. For example, the conflict and sanctions could interfere with payment of filing fees, extension fees, and annuities. The conflict and sanctions could also interfere with enforcement or defense of patents issued in Russia, Ukraine, and via the Eurasian Patent Office. Similarly, the ongoing conflict in the Middle East could interfere with our ability to prosecute, maintain, enforce and defend patents in Israel. These conflicts and associated sanctions could therefore increase the uncertainties and costs surrounding the prosecution of our patent applications and the enforcement or defense of any future issued patents, all of which could have a material adverse effect on our business, financial condition, results of operations, and prospects.

Changes in U.S. patent law could diminish the value of patents in general, thereby impairing our ability to protect our products.

Changes in either the patent laws or interpretation of the patent laws in the United States could increase the uncertainties and costs surrounding the prosecution of patent applications and the enforcement or defense of issued patents. For example, under the Leahy-Smith America Invents Act (the America Invents Act), the first inventor to file a patent application in the United States is entitled to the patent on an invention regardless of whether another party was the first to invent the claimed invention. Therefore, a third party that filed a patent application in the USPTO after March 2013, but before us, could be awarded a patent covering an invention of ours even if we had made the invention before it was made by such third party. This possibility requires us to be cognizant of the time from invention to the time of filing a patent application. Because patent applications in the United States and most other countries are confidential for a period of time after filing or until issuance, we cannot be certain that we were the first to file any patent application related to our product candidates or other technologies.

Certain procedures at the USPTO under the America Invents Act could affect the way patent applications are prosecuted and also may affect patent litigation. These include allowing third party submission of prior art to the USPTO during patent prosecution and additional procedures to attack the validity of a patent by USPTO administered post-grant proceedings, including post-grant review, *inter partes* review, and derivation proceedings. Because of a lower evidentiary standard in USPTO proceedings compared to the evidentiary standard in United States federal courts necessary to invalidate a patent claim, a third party could potentially provide evidence in a USPTO proceeding sufficient for the USPTO to hold a claim invalid even though the same evidence would be insufficient to invalidate the claim if presented in a district court action. Accordingly, a third party may attempt to use the USPTO procedures to invalidate our patent claims that would not have been invalidated if challenged by the third party as a defendant in a district court action. Therefore, the America Invents Act and its implementation could increase the uncertainties and costs surrounding the prosecution of our patent applications and the enforcement or defense of our issued patents, all of which could have a material adverse effect on our business, financial condition, results of operations, and prospects.

In addition, the patent positions of companies in the development and commercialization of pharmaceuticals are particularly uncertain. Rulings from the U.S. Supreme Court and the U.S. Court of Appeals for the Federal Circuit have narrowed the scope of patent protection available in certain circumstances and weakened the rights of patent owners in certain situations. For example, in the recent Supreme Court decision, *Amgen Inc. v. Sanofi*, 143 S.Ct. 1243 (2023), the Court affirmed a Federal Circuit decision and held that patent claims reciting a genus of antibodies defined by a functional property were invalid because the specification did not provide sufficient teaching to make and use the full scope of the claimed genus. These rulings have created uncertainty with respect to the validity and enforceability of patents, once obtained, for example, with respect to written description and enablement requirements. Depending on future actions by the U.S. Congress, the federal courts, and the USPTO, the laws and regulations governing patents could change in unpredictable ways that could have a material adverse effect on our existing patent portfolio and our ability to protect and enforce our intellectual property in the future.

Issued patents covering our product candidates and other technologies could be found invalid or unenforceable if challenged in court or before administrative bodies in the United States or abroad.

If we initiated legal proceedings against a third party to enforce a patent covering our product candidates or other technologies, the defendant could counterclaim that such patent is invalid or unenforceable. In patent litigation in the United States, defendant counterclaims alleging invalidity or unenforceability are commonplace. Grounds for a validity challenge could be an alleged failure to meet any of several statutory requirements, including lack of novelty, obviousness, written description, or enablement. Grounds for an unenforceability assertion could be an allegation that someone connected with prosecution of the patent withheld relevant information from the USPTO, or made a misleading statement, during prosecution. Third parties may raise claims challenging the validity or enforceability of our patents before administrative bodies in the United States or abroad, even outside the context of litigation. Such mechanisms include re-examination, post-grant review, *inter partes* review, derivation proceedings, and equivalent proceedings in foreign jurisdictions (e.g., opposition proceedings). Such proceedings could result in the revocation of, cancellation of, or amendment to our patents in such a way that they no longer cover our product candidates or other technologies. The outcome following legal assertions of invalidity and unenforceability is unpredictable. With respect to the validity question, for example, we cannot be certain that there is no invalidating prior art, of which we or our licensing partners and the patent examiner were unaware during prosecution. If a third party were to prevail on a legal assertion of invalidity or unenforceability, we would lose at least part, and perhaps all, of the patent protection on our product candidates or other technologies. Such a loss of patent protection would have a material adverse impact on our business, financial condition, results of operations, and growth prospects.

If we do not obtain patent term extension and data exclusivity for any product candidates we may develop, our business may be materially harmed.

Depending upon the timing, duration, and specifics of any FDA marketing approval of any product candidates we may develop, one or more of our U.S. patents may be eligible for limited patent term extension under the Hatch-Waxman Act. The Hatch-Waxman Act permits a patent term extension of up to five years as compensation for patent term lost during the FDA regulatory review process. A patent term extension cannot extend the remaining term of a patent beyond a total of 14 years from the date of product approval, only one patent may be extended and only those claims covering the approved drug, a method for using it, or a method for manufacturing it may be extended. Similar extensions as compensation for patent term lost during regulatory review processes are also available in certain foreign countries and territories, such as in Europe under a Supplementary Protection Certificate. However, we may not be granted an extension in the United States and/or foreign countries and territories because of, for example, failing to exercise due diligence during the testing phase or regulatory review process, failing to apply within applicable deadlines, failing to apply prior to expiration of relevant patents, or otherwise failing to satisfy applicable requirements. Moreover, the applicable time period or the scope of patent protection afforded could be less than we request. If we are unable to obtain patent term extension or the term of any such extension is shorter than what we request, our competitors may obtain approval of competing products following our patent expiration, and our business, financial condition, results of operations, and growth prospects could be materially harmed.

We may be subject to claims challenging the inventorship of our patents and other intellectual property.

We may be subject to claims that former employees, collaborators or other third parties have an interest in our patents, trade secrets, or other intellectual property as an inventor or co-inventor. For example, we may have inventorship disputes arise from conflicting obligations of employees, consultants, or others who are involved in developing our product candidates or other technologies. Litigation may be necessary to defend against these and other claims challenging inventorship or ownership of our patents, trade secrets, or other intellectual property. If the defense of any such claims fails, in addition to paying monetary damages, we may lose valuable intellectual property rights, such as exclusive ownership of, or right to use, intellectual property that is important to our product candidates and other technologies. Even if we are successful in defending against such claims, litigation could result in substantial costs and be a distraction to management and other employees. Any of the foregoing could have a material adverse effect on our business, financial condition, results of operations, and growth prospects.

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

In addition to seeking patents for our product candidates and other technologies, we also rely on trade secrets and confidentiality agreements to protect our unpatented know-how, technology, and other proprietary information and to maintain our competitive position. We consider trade secrets and know-how to be one of our primary sources of intellectual property. Trade secrets and know-how can be difficult to protect. We expect our trade secrets and know-how to over time be disseminated within the industry through independent development, the publication of journal articles describing the methodology, and the movement of personnel from academic to industry scientific positions.

We seek to protect these trade secrets and other proprietary technology, in part, by entering into non-disclosure and confidentiality agreements with parties who have access to them, such as our employees, corporate and academic collaborators, outside scientific collaborators, CROs, CDMOs, consultants, advisors, and other third parties. We also enter into confidentiality and invention or patent assignment agreements with our employees and consultants, train our employees not to bring or use proprietary information or technology from former employers to us or in their work, and remind former employees when they leave their employment of their confidentiality obligations. We cannot guarantee that we have entered into such agreements with each party that may have or have had access to our trade secrets or proprietary technology and processes. Despite our efforts, any of these parties may breach the agreements and disclose our proprietary information, including our trade secrets, and we may not be able to obtain adequate remedies for such breaches. In addition, some courts inside and outside the United States are less willing or unwilling to protect trade secrets. If any of our trade secrets were to be lawfully obtained or independently developed by a competitor or other third party, we would have no right to prevent them from using that technology or information to compete with us. If any of our trade secrets were to be disclosed to or independently developed by a competitor or other third party, our competitive position would be materially and adversely harmed.

We may not be successful in obtaining, through acquisitions or otherwise, necessary rights to our product candidates or other technologies.

Many pharmaceutical companies, biotechnology companies, and academic institutions that are competing with us in the field of neurodegeneration therapy may have patents and have filed and are likely filing patent applications potentially relevant to our business. In order to avoid infringing these third-party patents, we may find it necessary or prudent to obtain licenses to such patents from such third-party intellectual property holders. We may also require licenses from third parties for certain technologies for use with future product candidates. In addition, with respect to any patents we co-own with third parties, we may wish to obtain licenses to such co-owners' interest to such patents. However, we may be unable to secure such licenses or otherwise acquire any rights to compositions, methods of use, processes, or other intellectual property rights from third parties that we identify as necessary for our future product candidates. The licensing or acquisition of third-party intellectual property rights is a competitive area, and more established companies may pursue strategies to license or acquire third-party intellectual property rights that we may consider attractive or necessary. These established companies may have a competitive advantage over us due to their size, capital resources, and greater clinical development and commercialization capabilities. In addition, companies that perceive us to be a competitor may be unwilling to assign or license rights to us. We also may be unable to license or acquire third-party intellectual property rights on terms that would allow us to make an appropriate return on our investment or at all. If we are unable to successfully obtain rights to required third-party intellectual property rights or maintain the existing intellectual property rights we have, we may have to abandon development of the relevant program or product candidate, which could have a material adverse effect on our business, financial condition, results of operations, and growth prospects.

We may be subject to claims that our employees, consultants, or advisors have wrongfully used or disclosed alleged trade secrets of their current or former employers or claims asserting ownership of what we regard as our own intellectual property.

Many of our employees, consultants, and advisors are currently or were previously employed at universities or other biotechnology or pharmaceutical companies, including our competitors and potential competitors. Although we try to ensure that our employees, consultants, and advisors do not use the proprietary information or know-how of others in their work for us, we may be subject to claims that we or these individuals have used or disclosed intellectual property, including trade secrets or other proprietary information, of any such individual's current or former employer. Litigation may be necessary to defend against these claims. If we fail in defending any such

claims, in addition to paying monetary damages, we may lose valuable intellectual property rights or personnel. Even if we are successful in defending against such claims, litigation could result in substantial costs and be a distraction to management.

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

Third-party claims of intellectual property infringement, misappropriation, or other violation against us or our collaborators may prevent or delay the development and commercialization of our product candidates and other technologies.

The field of discovering treatments for neurodegenerative diseases is highly competitive and dynamic. Due to the focused research and development that is taking place by various companies, including us and our competitors, in this field, the intellectual property landscape is in flux, and it may remain uncertain in the future. Additionally, the technology used in our product candidates is still in development and no products utilizing similar technology have yet reached the market. As such, there may be significant intellectual property related litigation and proceedings relating to our, and other third party, intellectual property and proprietary rights in the future.

Our commercial success depends in part on our and our collaborators' ability to develop, manufacture, market, and sell any product candidates that we develop and to use our proprietary technologies without infringing, misappropriating, and otherwise violating the patents and other intellectual property rights of third parties. There is a substantial amount of complex litigation involving patents and other intellectual property rights in the biotechnology and pharmaceutical industries, and we may become subject to, or threatened with, such actions in the future, regardless of their merit. In addition, we may undertake costly administrative proceedings for challenging third party patents, including post-grant, derivation, and reexamination proceedings before the USPTO or oppositions and other comparable proceedings in foreign jurisdictions.

Numerous U.S. and foreign issued patents and pending patent applications owned by third parties exist in the fields in which we are developing our product candidates. As the biotechnology and pharmaceutical industries expand and more patents are issued, the risk increases that our product candidates and other technologies may give rise to claims of infringement of the patent rights of others. We cannot be assured that our product candidates and other technologies that we have developed, are developing, or may develop in the future will not infringe existing or future patents owned by third parties. We may not be aware of patents that have already been issued and that a third party, for example, a competitor in the fields in which we are developing product candidates, and other technologies might assert are infringed by our current or future product candidates or other technologies, including claims to compositions, formulations, methods of manufacture or methods of use or treatment that cover our product candidates or other technologies. It is also possible that patents owned by third parties of which we are aware, but which we do not believe are relevant to our product candidates or other technologies, could be found to be infringed by our product candidates or other technologies. In addition, because patent applications can take many years to issue, there may be currently pending patent applications that may later result in issued patents that our product candidates or other technologies may infringe.

Third parties may have patents or obtain patents in the future and claim that the manufacture, use or sale of our product candidates or other technologies infringes upon these patents. In the event that any third party claims that we infringe their patents or that we are otherwise employing their proprietary technology without authorization and initiates litigation against us, even if we believe such claims are without merit, a court of competent jurisdiction could hold that such patents are valid, enforceable, and infringed by our product candidates or other technologies. In this case, the holders of such patents may be able to block our ability to manufacture or commercialize the applicable product candidate or technology unless we obtain a license under the applicable patents, or until such patents expire or are finally determined to be held invalid or unenforceable. Such a license may not be available on commercially reasonable terms or at all. Even if we are able to obtain a license, the license would likely obligate us to pay license fees or royalties or both, and the rights granted to us might be nonexclusive, which could result in our

competitors gaining access to the same intellectual property. If we are unable to obtain a necessary license to a third-party patent on commercially reasonable terms, we may be unable to commercialize our product candidates or other technologies, or such commercialization efforts may be significantly delayed, which could in turn significantly harm our business.

Defense of infringement claims, regardless of their merit, would involve substantial litigation expense and would be a substantial diversion of management and other employee resources from our business, and may impact our reputation. In the event of a successful claim of infringement against us, we may be enjoined from further developing or commercializing our infringing product candidates or other technologies. In addition, we may have to pay substantial damages, including treble damages and attorneys' fees for willful infringement, obtain one or more licenses from third parties, pay royalties, and/or redesign our infringing product candidates or technologies, which may be impossible or require substantial time and monetary expenditure. In that event, we would be unable to further develop and commercialize our product candidates or other technologies, which could harm our business significantly.

Engaging in litigation to defend against third parties alleging that we have infringed, misappropriated, or otherwise violated their patents or other intellectual property rights is very expensive, particularly for a company of our size, and time-consuming. Some of our competitors may be able to sustain the costs of litigation or administrative proceedings more effectively than we can because of greater financial resources. Patent litigation and other proceedings may also absorb significant management time. Uncertainties resulting from the initiation and continuation of patent litigation or other proceedings against us could impair our ability to compete in the marketplace. The occurrence of any of the foregoing could have a material adverse effect on our business, financial condition, results of operations, and growth prospects.

We may become involved in lawsuits to protect or enforce our patents and other intellectual property rights or to defend against allegations of patent infringement, which could be expensive, time consuming, and unsuccessful.

Competitors may infringe our patents or the patents of our licensing partners, or we may be required to defend against claims of infringement. In addition, our patents or the patents of our licensing partners also may become involved in inventorship, or validity disputes. To counter or defend against such claims can be expensive and time consuming. In an infringement proceeding, a court may decide that a patent in which we have an interest is invalid or unenforceable, the other party's use of our patented technology falls under the safe harbor to patent infringement under 35 U.S.C. §271(e)(1), or may refuse to stop the other party from using the technology at issue on the grounds that our patents do not cover the technology in question. An adverse result in any litigation proceeding could put one or more of our patents at risk of being invalidated or interpreted narrowly. Furthermore, because of the substantial amount of discovery required in connection with intellectual property litigation, there is a risk that some of our confidential information could be compromised by disclosure during this type of litigation.

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

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

Our registered or unregistered trademarks or trade names may be challenged, infringed, circumvented, or declared generic or determined to be infringing on other marks. We may not be able to protect our rights to these trademarks and trade names, which we need to build name recognition among potential partners or customers in our markets of interest. At times, competitors or other third parties may adopt trade names or trademarks similar to ours, thereby impeding our ability to build brand identity and possibly leading to market confusion. In addition, there

could be potential trade name or trademark infringement claims brought by owners of other registered trademarks or trademarks that incorporate variations of our registered or unregistered trademarks or trade names. Over the long term, if we are unable to establish name recognition based on our trademarks and trade names, then we may not be able to compete effectively and our business may be adversely affected. Our efforts to enforce or protect our proprietary rights related to trademarks, trade secrets, domain names, copyrights or other intellectual property may be ineffective and could result in substantial costs and diversion of resources and could adversely affect our business, financial condition, results of operations, and growth prospects.

Intellectual property rights do not necessarily address all potential threats.

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

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

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

Risks Related to Our Operations

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

Our ability to compete in the highly competitive biotechnology and pharmaceutical industries depends upon our ability to attract, motivate, and retain highly qualified managerial, scientific, and medical personnel. We are highly dependent on our leadership, including our Chief Executive Officer, Dr. Arnon Rosenthal. The loss of the services provided by any of our executive officers, other key employees, and other scientific and medical advisors, and our inability to either find suitable replacements in the event of such loss or to attract senior management personnel to fill open positions could result in delays in the development of our product candidates and harm our business.

We conduct our operations at our facility in South San Francisco, California, a region that is headquarters to many other biotechnology companies as well as many academic and research institutions, which may limit our ability to hire competitively and retain highly qualified personnel from or outside of our region.

To induce valuable employees to remain at our company, in addition to salary and cash incentives, we have provided and will continue to provide restricted stock units, stock option grants, and/or other equity awards that vest over time. The value to employees of these equity grants that vest over time may be significantly affected by movements in our stock price that are beyond our control and may at any time be insufficient to counteract more lucrative offers from other companies. Although we have employment agreements with our key employees, these employment agreements provide for at-will employment, which means that any of our employees could leave our employment at any time, with or without notice. If we are unable to attract and incentivize quality personnel on acceptable terms, or at all, it may cause our business and operating results to suffer.

We will need to effectively manage the size and capabilities of our organization.

As of December 31, 2024, we had 238 full-time employees. As our development plans and strategies develop, and as we progress development of our product candidates and move towards commercialization, we will be required to add additional managerial, operational, financial, and other personnel. We will need to effectively manage the size and capabilities of our organization and any future growth through significant responsibilities on members of management, including:

- identifying, recruiting, integrating, retaining, and motivating employees;
- managing our internal development efforts effectively, including the clinical and FDA review process for our current and future product candidates, while complying with our contractual obligations to collaborators and other third parties;
- expanding our operational, financial and management controls, reporting systems, and procedures; and
- managing increasing operational and managerial complexity.

Our future financial performance and our ability to continue to develop and, if approved, commercialize our product candidates will depend, in part, on our ability to effectively manage any future growth. Our management may also have to divert a disproportionate amount of its attention away from day-to-day activities in order to manage these growth activities.

Our near-term financial performance and development plans also require that we manage our personnel, and in each of 2023 and 2024 we committed to a plan to reduce our workforce to better align our resources with our strategic priorities. We initiated a reduction in force impacting approximately 41 employees across the organization effective November 2024. One-time restructuring charges associated with the reduction in force are expected to be approximately \$3.9 million, primarily consisting of personnel expenses such as salaries, one-time severance payments, and other benefits. Cash payments related to these expenses will be paid out and the reduction in force is expected to be completed during the first half of 2025. We also initiated a reduction in force impacting approximately 30 employees across the organization effective March 2023. One-time restructuring charges associated with the reduction in force were approximately \$1.7 million, primarily consisting of personnel expenses such as salaries, one-time severance payments, and other benefits. Most cash payments related to these expenses were paid out during the first half of 2023. Any future reductions in or restructurings of our workforce, whether due to market downturns, uncertainty in capital markets, other macroeconomic changes or any other reason, may generate severance and other costs that may cause our business and operating results to suffer.

We currently rely, and for the foreseeable future will continue to rely, in substantial part on certain independent organizations, advisors, and consultants to provide certain services. There can be no assurance that the services of these independent organizations, advisors, and consultants will continue to be available to us on a timely basis when needed, or that we can find qualified replacements. In addition, if we are unable to effectively manage our outsourced activities or if the quality or accuracy of the services provided by consultants is compromised for any reason, our clinical trials may be extended, delayed, or terminated, and we may not be able to obtain regulatory approval of our product candidates or otherwise advance our business. There can be no assurance that we will be able to manage our existing consultants or find other competent outside contractors and consultants on economically reasonable terms, if at all.

If we are not able to effectively manage or expand our organization by hiring new employees and expanding our groups of consultants and contractors, we may not be able to successfully implement the tasks necessary to further develop our product candidates, our clinical trials may be extended, delayed, or terminated, and we may not

be able to obtain regulatory approval of our product candidates, and accordingly, may not achieve our research, development, and commercialization goals.

We have engaged in strategic collaborations and may in the future engage in acquisitions, collaborations, or strategic partnerships, which may increase our capital requirements, dilute our stockholders, cause us to incur additional debt or assume contingent liabilities, and subject us to other risks.

We have engaged in strategic collaborations in the past, such as our strategic collaborations with AbbVie and GSK, and we may engage in various acquisitions, collaborations, and strategic partnerships in the future, including licensing or acquiring complementary products, intellectual property rights, technologies, or businesses. Any acquisition, collaboration, or strategic partnership may entail numerous risks, including:

- increased operating expenses and cash requirements;
- volatility with respect to the financial reporting related to such arrangements, such as our expected variability in the recognition of revenue each quarter from the AbbVie and GSK Agreements based on the percentage-of-completion basis under the applicable accounting rules;
- assumption of indebtedness or contingent liabilities;
- potential goodwill impairment resulting from such acquisitions;
- issuance of our equity securities which would result in dilution to our stockholders;
- assimilation of operations, intellectual property, products, and product candidates of an acquired company by our partners, including difficulties associated with integrating new personnel;
- diversion of our management's attention from our existing product programs and initiatives in pursuing such an acquisition, collaboration or strategic partnership;
- retention of key employees, the loss of key personnel, and uncertainties in our ability to maintain key business relationships;
- risks and uncertainties associated with the other party to such a transaction, including the prospects of that party and their existing products or product candidates and regulatory approvals, that may impact their ability to fulfill their obligations under such transaction;
- risks that the other party to such a transaction may exercise its rights under the applicable agreement in a way that negatively impacts us; and
- our inability to generate revenue from acquired or partnered intellectual property, technology, and/or products sufficient to meet our objectives or even to offset the associated transaction and maintenance costs.

In addition, if we undertake such a transaction, we may issue dilutive securities, assume or incur debt obligations, incur large one-time expenses, and acquire intangible assets that could result in significant future amortization expense.

We have experienced cyberattacks in the past, and our internal computer systems, and those used by third parties with which we engage, such as research institution collaborators, clinical trial sites, and CROs or other vendors, contractors or consultants, may fail or suffer other breakdowns, outages, cyberattacks, information security breaches or releases or loss of sensitive data that could compromise the confidentiality, integrity, and availability of such systems and data, result in material disruptions of our research or development programs and business operations, risk disclosure of confidential, financial, or proprietary information, and affect our reputation.

We have experienced cyberattacks in the past that have not had a material effect on our business operations, and we face the risk of future cyberattacks that may or may not have a material effect. Despite the implementation of security measures, our internal computer systems and those of third parties with which we engage, such as research institution collaborators, clinical trial sites, and CROs and other vendors, contractors and consultants, may be vulnerable to damage, interruption, or other disruption from various causes, including computer viruses and other malicious code, and may be vulnerable to unauthorized access. Likewise, data privacy or security breaches or breaches by employees or others may pose a risk that sensitive data, including our intellectual property, trade

secrets, or personal information of our employees, patients, customers, or other business partners, may be exposed to unauthorized persons or to the public or may otherwise be misused. As the cyber-threat landscape evolves, especially as certain of our employees have engaged in remote or hybrid work, these attacks are growing in frequency, sophistication, and intensity, and are becoming increasingly difficult to detect, mitigate, and defend against. Such threats are prevalent and continue to rise, are increasingly difficult to detect, and come from a variety of sources, including traditional computer “hackers,” threat actors, “hacktivists,” organized criminal threat actors, personnel (such as through theft or misuse), sophisticated nation states, and nation-state-supported actors. During times of war and other conflicts, we and our business counterparties, including third parties upon which we rely, may be vulnerable to a heightened risk of these attacks. Such attacks might involve the use of sophisticated malware, including ransomware or various types of service denial tactics. They can be initiated through harmful websites or by leveraging phishing strategies, social engineering tactics, or credential stuffing. This might also include brute force attacks, along with other contemporary malicious methods which are always changing.

If a breakdown, cyberattack, or other information security breach or incident occurs, it could cause damage to or interruptions or other disruptions in our operations or those of third parties, with which we engage, and could result in damage to, the loss or unavailability of, or misappropriation or other unauthorized use or processing of, sensitive data, including personal information and confidential information, such as our intellectual property or financial information, and a material disruption of our research and development programs and our business operations. For example, the loss or unavailability of, or damage to, clinical trial data from completed, ongoing, or future clinical trials could result in delays in our regulatory approval efforts and significantly increase our costs to recover or reproduce the data. Likewise, we rely on third-party research institution collaborators, clinical trial sites, and CROs and other vendors, consultants and contractors for research and development of our product candidates, and we rely on other third parties, such as CDMOs and CROs, to manufacture our product candidates and to conduct clinical trials, respectively. Supply-chain attacks against third-party actors like these have increased in frequency and severity, and we cannot guarantee that third-party infrastructure in our supply chain or our third-party partners’ supply chains have not been compromised. Cyberattacks, security breaches and incidents, and disruptions, interruptions, and similar events relating to their computer systems and operations could also have a material adverse effect on our business.

We and our business counterparties, including third parties on which we rely, may be unable to anticipate or prevent outages or to anticipate or prevent techniques used to obtain unauthorized access to or to compromise our or our business counterparties’ systems because such techniques change frequently and are generally not detected until after an incident has occurred. We may be unable to anticipate or prevent any breakdowns or other outages due to a failure of software, software updates or other events that may cause disruptions to our systems or data. There can be no assurance that we and our business counterparties will be successful in efforts to detect, prevent, or fully recover systems or data from all breakdowns, service interruptions or other disruptions, attacks, or compromises of, or security breaches or incidents impacting, systems that could adversely affect our business and operations and/or result in the loss or unavailability of, or damage to, critical or sensitive data.

Any disruption or security breach or incident resulting in loss or unavailability of, or damage to, our data or systems, or those of third parties on which we rely, or inappropriate use, disclosure, or modification of personal, sensitive, confidential or proprietary information, could result in our being subject to claims, demands, and litigation, investigations and other regulatory proceedings, and fines and other liabilities, as well as in delays to further development and commercialization of our product candidates. While we have invested, and continue to invest, in the protection of our data and information technology infrastructure, there can be no assurance that our efforts will prevent service disruptions, or prevent or identify vulnerabilities or security breaches or incidents, that could adversely affect our business and operations or result in the loss, unavailability, or corruption of, or inappropriate access to or use of, confidential, personal, or other sensitive information or company resources. Any such interruptions, breaches or incidents, or the perception that any have occurred, could result in financial, legal, business, or reputational harm to us. In addition, our liability insurance may not be sufficient in type or amount to cover us against claims related to security breaches, cyberattacks and other privacy and security breaches or incidents.

Our contracts may not contain limitations of liability, and even where they do, there can be no assurance that limitations of liability in our contracts are sufficient to protect us from liabilities, damages, or claims related to our data privacy and security obligations. We cannot be sure that our insurance coverage will be adequate or sufficient to protect us from or to mitigate liabilities arising out of our privacy and security practices, that such coverage will continue to be available on commercially reasonable terms or at all, or that such coverage will pay future claims.

Business disruptions, including as a result of geopolitical events, could seriously harm our future revenue and financial condition and increase our costs and expenses.

Our operations, and those of our collaborators, CROs, CDMOs, suppliers, and other contractors and consultants, could be subject to pandemic events and other events beyond our control, such as the spread of disease, earthquakes, power shortages, telecommunications failures, software outages or other system failures, water shortages, floods, hurricanes, typhoons, fires, extreme weather conditions, medical epidemics, pandemics, regional health issues, political unrest, including the ongoing conflicts between Russia and Ukraine and in the Middle East, and other natural or man-made disasters or business interruptions, for which we are either totally or partly uninsured. In addition, we rely on our third-party research institution collaborators for conducting research and development of our product candidates, and they may be affected by government shutdowns or withdrawn funding. We rely on third-party manufacturers to produce and process our product candidates. Our ability to obtain clinical supplies of our product candidates could be disrupted if the operations of these suppliers are affected by a man-made or natural disaster, geopolitical events, global pandemics, or other business interruption. The occurrence of any of these business disruptions could seriously harm our operations and financial condition and increase our costs and expenses. Moreover, if there is a significant pandemic or public health outbreak that poses a threat to our ability to conduct our business operations as planned, there can be no assurance that we will be able to avoid a material impact on our business from the pandemic or its consequences.

The majority of our operations including our corporate headquarters are located in a facility in South San Francisco, California. Damage or extended periods of interruption to our corporate, development, or research facilities due to fire, natural disaster, global pandemics, power loss, communications failure, unauthorized entry, earthquakes or other events could cause us to cease or delay development of some or all of our product candidates. Although we maintain property damage and business interruption insurance coverage on these facilities, our insurance might not cover all losses under such circumstances, and our business may be seriously harmed by such delays and interruption.

Our business is subject to economic, political, regulatory, and other risks associated with international operations.

Our business is subject to risks associated with conducting business internationally. Some of our CDMOs and clinical trial sites, for example, are located outside the United States. Accordingly, our future results could be harmed by a variety of factors, including:

- economic weakness, including inflation, or political instability in particular in non-U.S. economies and markets;
- differing and changing regulatory requirements in non-U.S. countries;
- challenges enforcing our contractual and intellectual property rights, especially in those foreign countries that do not respect and protect intellectual property rights to the same extent as the United States;
- difficulties in compliance with non-U.S. laws and regulations;
- changes in non-U.S. regulations and customs, tariffs, and trade barriers;
- changes in non-U.S. currency exchange rates and currency controls;
- changes in a specific country's or region's political or economic environment;
- shipping of biologics/drugs;
- trade protection measures, import or export licensing requirements, or other restrictive actions by U.S. or non-U.S. governments;
- negative consequences from changes in tax laws; (including the provisions of the recently enacted federal tax legislation titled the Inflation Reduction Act);
- compliance with tax, employment, immigration, and labor laws for employees living or traveling abroad;

- workforce uncertainty in countries where labor unrest is more common than in the United States;
- difficulties associated with staffing and managing international operations, including differing labor relations;
- potential liability under the FCPA, UK Bribery Act, or comparable foreign laws; and
- business interruptions resulting from geo-political actions, including war and terrorism, or natural disasters including earthquakes, typhoons, floods, droughts, extreme temperatures, and fires.

These and other risks associated with our planned international operations may materially adversely affect our ability to attain profitable operations. Further, there is currently significant uncertainty about the future relationship between the United States and various other countries, most significantly China, with respect to trade policies, treaties, tariffs, taxes, and other limitations on cross-border operations. For example, legislation has been introduced in Congress to limit certain U.S. biotechnology companies from using equipment or services produced or provided by select Chinese biotechnology companies. While we cannot predict what actions may ultimately be taken with respect to trade relations between the United States and China or other countries, if we are unable to obtain or use services or products from existing service providers, including those of contract development and manufacturing organizations, or if alternative service providers cannot be secured at an acceptable cost or at all, or if such actions cause broader disruption in drug manufacturing and related industries that impact drug product availability or pricing, then our business, liquidity, financial condition, and/or results of operations would be materially and adversely affected.

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

As of December 31, 2024, we had federal and state net operating loss (NOL) carryforwards of approximately \$109.2 million and \$223.5 million, respectively. Federal NOL carryforwards have an indefinite life but cannot offset more than 80% of taxable income. Pursuant to Internal Revenue Code Sections 382 and 383, annual use of the Company's net operating loss and research and development credit carryforwards may be limited in the event that a cumulative change in ownership of more than 50% occurs within a three-year period. As a result of our public offerings in February 2019, January 2020 and January 2024, and other transactions that have occurred since our incorporation, we may have experienced such an ownership change. We may also experience ownership changes in the future as a result of subsequent shifts in our stock ownership, some of which are outside our control. As a result, our ability to use our pre-change NOL carryforwards and other pre-change tax attributes to offset post-change taxable income or taxes may be subject to limitation. Additionally, California has recently enacted a temporary suspension on the use of state NOL carryforwards in the taxable years beginning in 2024, 2025, and 2026, which would adversely affect our company if we earn taxable income in the impacted taxable years. Our NOL carryforwards may also be subject to other state tax limitations.

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

We are or may become subject to income and non-income taxes in the United States under federal, state, and local jurisdictions and in certain foreign jurisdictions in which we operate. Tax laws, regulations and administrative practices in these jurisdictions may be subject to significant change, with or without advance notice. For example, on January 1, 2022, a provision of the Tax Cuts and Jobs Act of 2017 (TCJA) went into effect that eliminates the option to deduct domestic research and development costs in the year incurred and instead requires taxpayers to amortize such costs over five years for domestic costs and 15 years for foreign costs. As a result, the Company may recognize taxable income earlier than anticipated. Also, the United States recently enacted the Inflation Reduction Act of 2022 (IRA), which introduced a 15% minimum tax on book income and a 1% excise tax on certain stock buybacks. Changes in tax laws (including provisions of the IRA), regulations, or rulings, changes in interpretations

of existing laws and regulations, or changes in accounting principles could negatively or materially affect our financial position, cash flows and results of operations.

General Risk Factors

The market price of our common stock may continue to be volatile, which could result in substantial losses for investors.

Although our common stock is listed on the NASDAQ Global Select Market, the market for our shares has demonstrated varying levels of trading activity. The trading price of our common stock has been and may continue to be highly volatile and could be subject to wide fluctuations in response to various factors, some of which are beyond our control. We cannot predict the prices at which our common stock will trade. It is possible that in one or more future periods our results of operations and progression of our product pipeline may not meet the expectations of public market analysts and investors, and, as a result of these and other factors, the price of our common stock may fall. Some of the factors that may cause the market price of our common stock to fluctuate or decline include:

- the success of existing or new competitive products or technologies;
- the timing and results of clinical trials for our current product candidates and any future product candidates that we may develop;
- commencement or termination of collaborations for our product development and research programs;
- failure to achieve development, regulatory, or commercialization milestones under our collaborations;
- failure or discontinuation of any of our product development and research programs;
- results of preclinical studies, clinical trials, or regulatory approvals of product candidates of our competitors, or announcements about new research programs or product candidates of our competitors;
- regulatory or legal developments in the United States and other countries;
- developments or disputes concerning patent applications, issued patents, or other proprietary rights;
- the recruitment or departure of key personnel;
- the level of expenses related to any of our research programs, clinical development programs, or product candidates that we may develop;
- the results of our efforts to develop additional product candidates or products;
- actual or anticipated changes in estimates as to financial results, development timelines, or recommendations by securities analysts;
- announcement or expectation of additional financing efforts;
- sales of our common stock by us, our insiders, or other stockholders, such as if we use our at-the-market facility;
- expiration of market standoff or lock-up agreements;
- variations in our financial results or those of companies that are perceived to be similar to us;
- changes in estimates or recommendations by securities analysts, if any, that cover our stock;
- changes in the structure of healthcare payment systems;
- market conditions in the pharmaceutical and biotechnology sectors;
- general economic, political, industry, and market conditions, including a rising rate of inflation or a period of economic recession; and
- the other factors described in this “Risk Factors” section.

In recent years, the stock market in general, and the market for pharmaceutical and biotechnology companies in particular, has experienced significant price and volume fluctuations that have often been unrelated or

disproportionate to changes in the operating performance of the companies whose stock is experiencing those price and volume fluctuations. Broad market and industry factors, such as inflationary concerns, may seriously affect the market price of our common stock, regardless of our actual operating performance. Following periods of such volatility in the market price of a company's securities, securities class action litigation has often been brought against that company. Because of the potential volatility of our stock price, we may become the target of securities litigation in the future. Securities litigation could result in substantial costs and divert management's attention and resources from our business.

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

The trading market for our common stock relies in part on the research and reports that industry or financial analysts publish about us or our business. If one or more of the analysts covering our business cease to cover us or downgrade their evaluations of our stock or if we fail to meet their operating results estimates for us, the price of our stock could decline. If one or more of these analysts cease to cover our stock, we could lose visibility in the market for our stock, which in turn could cause our stock price to decline.

Sales of substantial amounts of our common stock in the public markets, or the perception that such sales might occur, could cause the market price of our common stock to decline significantly, even if our business is doing well.

Sales of a substantial number of shares of our common stock in the public market could occur at any time. If our stockholders sell, or the market perceives that our stockholders intend to sell, substantial amount of our common stock in the public market, the market price of our common stock could decline significantly.

Certain holders of shares of our common stock may, in the future, have rights that may require us to file registration statements covering their shares or to include their shares in registration statements that we may file for ourselves or other stockholders. Registration of these shares under the Securities Act would result in the shares becoming freely tradeable in the public market, subject to the restrictions of Rule 144 in the case of our affiliates. Any sales of securities by these stockholders could have a material adverse effect on the market price for our common stock.

Raising additional capital may cause dilution to our existing stockholders, restrict our operations, or require us to relinquish rights to our technologies or product candidates.

We may seek additional capital through a combination of public and private equity offerings, debt financings, strategic partnerships and alliances, and licensing arrangements. We, and indirectly, our stockholders, will bear the cost of issuing and servicing such securities. Because our decision to issue debt or equity securities in any future offering will depend on market conditions and other factors beyond our control, we cannot predict or estimate the amount, timing, or nature of any future offerings. To the extent that we raise additional capital through the sale of equity or debt securities, the ownership interest of stockholders will be diluted, and the terms may include liquidation or other preferences that adversely affect the rights of stockholders. The incurrence of indebtedness would result in increased fixed payment obligations and could involve restrictive covenants, such as limitations on our ability to incur additional debt, limitations on our ability to acquire, sell, or license intellectual property rights and other operating restrictions that could adversely impact our ability to conduct our business. We have an omnibus shelf registration statement on Form S-3 with the SEC, which became effective on May 1, 2023, which permits us to issue up to \$400 million in common stock, other equity securities and/or debt securities. On November 7, 2023, we entered into an at-the-market sales agreement with Cowen and Company, LLC (TD Cowen) pursuant to which we may offer and sell from time to time through TD Cowen up to \$125,000,000 of shares of our common stock, in such share amounts as we may specify by notice to TD Cowen. On January 17, 2024, we entered into an underwriting agreement with Cantor Fitzgerald & Co. (Cantor), pursuant to which we offered and sold 10,869,566 shares of the Company's common stock at a price per share of \$6.57 paid by Cantor. Additionally, any future collaborations we enter into with third parties may provide capital in the near term but limit our potential cash flow and revenue in the future. If we raise additional funds through strategic partnerships and alliances and licensing arrangements with third parties, we may have to relinquish valuable rights to our technologies or product candidates, or grant licenses on terms unfavorable to us.

Additionally, on November 14, 2024, we entered into the Loan Agreement with Lenders and Hercules pursuant to which we may access up to two tranches of term loans in an aggregate principal amount of up to \$50,000,000. The initial tranche of Term Loans provides for an aggregate principal amount of up to \$25,000,000 through June 30, 2026, subject to the satisfaction of certain conditions. The second tranche of Term Loans provides for up to \$25,000,000 and is available at the sole discretion of the Lenders. We borrowed \$10,000,000 principal amount of the initial tranche of Term Loans on the closing date of the Loan Agreement.

Our principal stockholders and management own a significant percentage of our stock and will be able to exercise significant influence over matters subject to stockholder approval.

Our directors, executive officers, holders of more than 5% of our outstanding stock and their respective affiliates beneficially own 48.8 percent of our outstanding common stock as of February 21, 2025. As a result, these stockholders, if they act together, may significantly influence all matters requiring stockholder approval, including the election of directors and approval of significant corporate transactions. This concentration of ownership may have the effect of delaying or preventing a change in control of our company that our other stockholders may believe is in their best interests. This in turn could have a material adverse effect on our stock price and may prevent attempts by our stockholders to replace or remove the board of directors or management.

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

As a public company, we have incurred and will continue to incur significant legal, accounting, and other expenses that we did not incur as a private company. The Sarbanes-Oxley Act, the Dodd-Frank Wall Street Reform, and Consumer Protection Act, the listing requirements of NASDAQ, and other applicable securities rules and regulations impose various requirements on public companies, including establishment and maintenance of effective disclosure and financial controls and corporate governance practices. We have hired, and expect that we will need to continue to hire, additional accounting, finance, and other personnel in connection with our being, and our efforts to comply with the requirements of being, a public company, and our management and other personnel have devoted and will continue to devote a substantial amount of time towards maintaining compliance with these requirements. These requirements have increased and will continue to increase our legal and financial compliance costs and will make some activities more time-consuming and costly. For example, we expect that the rules and regulations applicable to us as a public company may make it more difficult and more expensive for us to maintain director and officer liability insurance, which could make it more difficult for us to attract and retain qualified members of our board of directors. We are currently evaluating these rules and regulations and cannot predict or estimate the amount of additional costs we may incur or the timing of such costs. These rules and regulations are often subject to varying interpretations, in many cases due to their lack of specificity, and, as a result, their application in practice may evolve over time as new guidance is provided by regulatory and governing bodies. This could result in continuing uncertainty regarding compliance matters and higher costs necessitated by ongoing revisions to disclosure and governance practices.

If we are unable to maintain effective internal controls, our business, financial position, and results of operations could be adversely affected.

As a public company, we are subject to reporting and other obligations under the Exchange Act, including the requirements of Sarbanes-Oxley Act Section 404(a), which require annual management assessments of the effectiveness of our internal control over financial reporting. Section 404(b) of the Sarbanes-Oxley Act also requires our independent auditors to attest to, and report on, this management assessment.

The rules governing the standards that must be met for management to assess our internal control over financial reporting are complex and require significant documentation, testing, and possible remediation to meet the detailed standards under the rules. During the course of its testing, our management may identify material weaknesses or deficiencies which may not be remedied in time to meet the deadline imposed by the Sarbanes-Oxley Act of 2002. These reporting and other obligations place significant demands on our management and administrative and operational resources, including accounting resources. If we are not able to comply with the requirements of Section 404 or if we or our independent registered public accounting firm are unable to attest to the effectiveness of our internal control over financial reporting, investors may lose confidence in the accuracy and completeness of our financial reports, the market price of our stock could decline and we could be subject to sanctions or investigations

by NASDAQ, the SEC, or other regulatory authorities, which would require additional financial and management resources.

Our operations are subject to the effects of inflation.

The United States recently experienced historically high levels of inflation. According to the U.S. Bureau of Labor Statistics, the annual consumer price index increase for the United States was approximately 2.9% for the 12 months ended December 31, 2024. If the inflation rate increases in the future, it will affect our expenses, such as employee compensation and research and development charges. Even if the rate of inflation does not increase, past inflation may still affect our expenses, such as employee compensation and research and development charges. Research and development expenses account for a significant portion of our operating expenses. Such increased charges may not be readily recoverable during the period of time that we are bringing the product candidates to market. Additionally, the United States is experiencing an acute workforce shortage, which in turn, may impact wages and the Company's operating costs. To the extent inflation results in rising interest rates and has other adverse effects on the market, it may adversely affect our consolidated financial condition and results of operations.

Market conditions and changing circumstances, some of which may be beyond our control, could impair our ability to access our existing cash, cash equivalents and investments and to timely pay key vendors and others.

Market conditions and changing circumstances, some of which may be beyond our control, could impair our ability to access our existing cash, cash equivalents and investments and to timely pay key vendors and others. For example, on March 10, 2023, Silicon Valley Bank (SVB), where we maintained certain immaterial deposit accounts at the time, was placed into receivership with the Federal Deposit Insurance Corporation (FDIC), which resulted in all funds held at SVB being temporarily inaccessible by SVB's customers. If other banks and financial institutions with whom we have banking relationships enter receivership or become insolvent in the future, we may be unable to access, and we may lose, some or all of our existing cash, cash equivalents and investments to the extent those funds are not insured or otherwise protected by the FDIC. In addition, in such circumstances we might not be able to timely pay key vendors and others. We regularly maintain cash balances that are not insured or are in excess of the FDIC's insurance limit. Any delay in our ability to access our cash, cash equivalents and investments (or the loss of some or all of such funds) or to timely pay key vendors and others could have a material adverse effect on our operations and cause us to need to seek additional capital sooner than planned.

We do not expect to pay any dividends for the foreseeable future. Investors may never obtain a return on their investment.

Investors should not rely on an investment in our common stock to provide dividend income. We do not anticipate that we will pay any dividends to holders of our common stock in the foreseeable future. Instead, we plan to retain any earnings to maintain and expand our existing operations. In addition, any future credit facility may contain terms prohibiting or limiting the amount of dividends that may be declared or paid on our common stock. Accordingly, investors must rely on sales of their common stock after price appreciation, which may never occur, as the only way to realize any return on their investment. We are also prohibited from declaring or paying any cash dividends under our Loan Agreement. As a result, investors seeking cash dividends should not purchase our common stock.

Delaware law and provisions in our amended and restated certificate of incorporation and bylaws might discourage, delay, or prevent a change in control of our company or changes in our management and, therefore, depress the trading price of our common stock.

Provisions in our amended and restated certificate of incorporation and bylaws may discourage, delay, or prevent a merger, acquisition, or other change in control that stockholders may consider favorable, including transactions in which you might otherwise receive a premium for your shares of our common stock. These provisions may also prevent or frustrate attempts by our stockholders to replace or remove our management. Therefore, these provisions could adversely affect the price of our common stock. Among other things, our charter documents:

- establish that our board of directors is divided into three classes, Class I, Class II, and Class III, with each class serving staggered three-year terms;

- provide that vacancies on our board of directors may be filled only by a majority of directors then in office, even though less than a quorum;
- provide that our directors may only be removed for cause;
- eliminate cumulative voting in the election of directors;
- authorize our board of directors to issue shares of preferred stock and determine the price and other terms of those shares, including preferences and voting rights, without stockholder approval;
- provide our board of directors with the exclusive right to elect a director to fill a vacancy or newly created directorship;
- permit stockholders to only take actions at a duly called annual or special meeting and not by written consent;
- prohibit stockholders from calling a special meeting of stockholders;
- require that stockholders give advance notice to nominate directors or submit proposals for consideration at stockholder meetings;
- authorize our board of directors, by a majority vote, to amend the bylaws; and
- require the affirmative vote of at least 66 2/3% or more of the outstanding shares of common stock to amend many of the provisions described above.

In addition, Section 203 of the General Corporation Law of the State of Delaware (DGCL), prohibits a publicly-held Delaware corporation from engaging in a business combination with an interested stockholder, generally a person which together with 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.

Any provision of our amended and restated certificate of incorporation, amended and restated bylaws, or Delaware law that has the effect of delaying or preventing a change in control could limit the opportunity for our stockholders to receive a premium for their shares of our capital stock and could also affect the price that some investors are willing to pay for our common stock.

Our amended and restated bylaws provide that the Court of Chancery of the State of Delaware is the exclusive forum for substantially all disputes between us and our stockholders, which could limit our stockholders' ability to obtain a favorable judicial forum for disputes with us or our directors, officers, or employees.

Our amended and restated bylaws provide that the Court of Chancery of the State of Delaware (or, if the Court of Chancery does not have jurisdiction, another State court in Delaware or the federal district court for the District of Delaware) is the exclusive forum for the following (except for any claim as to which such court determines that there is an indispensable party not subject to the jurisdiction of such court (and the indispensable party does not consent to the personal jurisdiction of such court within 10 days following such determination), which is vested in the exclusive jurisdiction of a court or forum other than such court or for which such court does not have subject matter jurisdiction):

- any derivative action or proceeding brought on our behalf;
- any action asserting a claim of breach of fiduciary duty;
- any action asserting a claim against us arising under the DGCL, our amended and restated certificate of incorporation or our amended and restated bylaws; and
- any action asserting a claim against us that is governed by the internal-affairs doctrine.

This provision would not apply to suits brought to enforce a duty or liability created by the Exchange Act or any other claim for which the U.S. federal courts have exclusive jurisdiction.

Our amended and restated bylaws further provide that the federal district courts of the United States will be the exclusive forum for resolving any complaint asserting a cause of action arising under the Securities Act. These exclusive-forum provisions may limit a stockholder's ability to bring a claim in a judicial forum that it finds

favorable for disputes with us or our directors, officers or other employees, which may discourage lawsuits against us and our directors, officers, and other employees. Any person or entity purchasing or otherwise acquiring any interest in any of our securities shall be deemed to have notice of and consented to these provisions. There is uncertainty as to whether a court would enforce such provisions, and the enforceability of similar choice of forum provisions in other companies' charter documents has been challenged in legal proceedings. It is possible that a court could find these types of provisions to be inapplicable or unenforceable, and if a court were to find either exclusive-forum provision in our amended and restated bylaws to be inapplicable or unenforceable in an action, we may incur additional costs associated with resolving the dispute in other jurisdictions, which could seriously harm our business.

Item 1B. Unresolved Staff Comments.

None.

Item 1C. Cybersecurity.

Risk Management and Strategy

We have established policies and processes for assessing, identifying, and managing material risk from cybersecurity threats, using widely recognized industry frameworks. We use risk management strategies that focus on vital areas such as data protection, access control, incident response, and vulnerability management, and we have integrated these processes into our overall risk management program. We routinely assess risks from cybersecurity threats, including any potential unauthorized occurrence on or conducted through our information systems that may result in adverse effects on the confidentiality, integrity, or availability of our information systems or any information residing therein.

We have implemented a multi-faceted cybersecurity program in accordance with globally recognized standards to protect the confidentiality, integrity, and availability of our information assets. The primary aims of this program are to devise, initiate, and maintain a cybersecurity approach that safeguards our systems, services, and data from unauthorized access, outages, exposure, modification, damage, and loss.

We have implemented a range of logical and technical controls to appropriately restrict physical and logical access. We maintain authentication controls in line with industry-recognized standards, including audit trails and logs for access. Access privileges are updated following any change in personnel or system, and are reviewed periodically, with the frequency determined by the associated risk of the application or system.

We engage the expertise of third-party organizations to assist us to design and implement our cybersecurity procedures, as well as to monitor and test our safeguards in the context of recognized industry standards and practices. This process aims to confirm that our security infrastructure is robust and efficient, and that it is designed to resist diverse security threats. We use the critical insights gained from these third-party assessments to continue to improve our security controls and protect our systems and data.

We evaluate potential cybersecurity risks associated with third-party service providers, including through a periodic vendor security review process overseen by our Head of Cybersecurity.

We have not encountered any cybersecurity threats or incidents to date that have materially affected, or that are reasonably likely to materially affect, our business, strategy, results of operations or financial condition. For additional information regarding cybersecurity risks and their potential impacts on our company, including our business strategy, results of operations, or financial condition, please refer to Item 1A, "Risk Factors," in this annual report on Form 10-K.

Governance

Our Vice President, Technology and Digital Health, serves as our Head of Cybersecurity and is responsible for developing and executing our cybersecurity strategy and program. We also maintain a team of cybersecurity professionals who are responsible for security operations and report to the Head of Cybersecurity, who has more than 20 years' experience in cybersecurity and information technology infrastructure and operations.

Our Head of Cybersecurity is regularly informed about developments in cybersecurity, including potential threats and innovative risk management techniques in the interest of effective prevention, detection, mitigation, and

remediation of cybersecurity incidents. The Head of Cybersecurity oversees the processes for monitoring our information systems, including periodic system audits to identify potential vulnerabilities and third-party audits and evaluations. In the event of a cybersecurity incident, the Head of Cybersecurity implements an incident response plan. This plan includes immediate actions to mitigate the impact of incidents and strategies for remediation of future incidents. The Head of Cybersecurity is responsible for reporting information about cybersecurity risks and incidents to our Chief Financial Officer and other members of executive management.

Our board of directors oversees our enterprise risk management, including our management of cybersecurity risks. The audit committee of our board of directors has primary responsibility for the oversight of risks from cybersecurity threats. The Head of Cybersecurity, or a delegate, provides quarterly reports to the audit committee on the effectiveness and overall status of our cybersecurity program, and is responsible for reporting to the audit committee information about our company's cybersecurity risks and activities, including any recent cybersecurity incidents and related responses.

Item 2. Properties.

Our corporate headquarters are currently located in South San Francisco, California, where we lease approximately 105,000 square feet of office and laboratory space. The term of the lease agreement expires in May 2029, with an option to extend the term of the lease for an additional 10 years. The lease agreement also provides us a right of first offer to expand into available office space in the building. We subleased approximately 7,100 square feet of our corporate headquarters in November 2021 with a lease term that expired in December 2022. Additionally, we subleased approximately 13,150 square feet of our corporate headquarters in May 2022 with a lease term that expired in November 2023. We also subleased approximately 13,250 square feet of the Headquarters in November 2023 with a lease term that expired in November 2024. We also subleased approximately 9,300 square feet of our corporate headquarters in February 2023 with a lease term that will expire in July 2025. We lease approximately 18,700 square feet of additional office and laboratory space in Newark, California. In August 2024, we approved a plan to transition operations from our laboratory and office space in Newark, California to our South San Francisco headquarters. Our intention is to sublease the Newark facility. We believe that our South San Francisco facilities will be adequate for our near-term needs. If required, we believe that suitable additional or alternative space would be available in the future on commercially reasonable terms.

Item 3. Legal Proceedings.

From time to time, we may become involved in litigation or other legal proceedings. We are not currently a party to any litigation or legal proceedings that, in the opinion of our management, are likely to have a material adverse effect on our business. Regardless of outcome, litigation, or other legal proceedings can have an adverse impact on us because of legal fees and settlement costs, diversion of management resources, and other factors.

Item 4. Mine Safety Disclosures.

Not applicable.

PART II

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

Market Information for Common Stock

Our common stock is publicly traded on the Nasdaq Global Select Market under the symbol "ALEC."

Holders of Record

As of February 21, 2025, there were approximately 5 stockholders of record of our common stock. The actual number of stockholders is greater than this number of record holders and includes stockholders who are beneficial owners but whose shares are held in street name by brokers and other nominees.

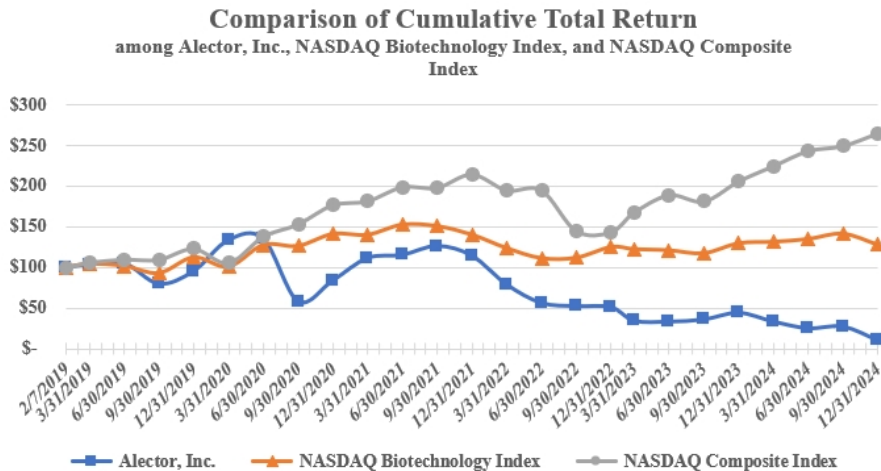
Dividend Policy

We have not declared or paid any cash dividends on our capital stock since our inception. We intend to retain future earnings, if any, to finance the operation and expansion of our business and do not anticipate paying any cash dividends in the foreseeable future. Payment of future cash dividends, if any, will be at the discretion of our board of directors after taking into account various factors, including our financial condition, operating results, current and anticipated cash needs, the requirements and contractual restrictions of then-existing debt instruments, and other factors that our board of directors deems relevant. We are also prohibited from declaring or paying any cash dividends under our Loan Agreement.

Stock Performance Graph

This graph is not "soliciting material" or deemed "filed" with the SEC for purposes of Section 18 of the Exchange Act, or otherwise subject to liabilities under that Section, and shall not be deemed incorporated by reference into any filing of Alector, Inc. under the Securities Act of 1933, as amended (the Securities Act), whether made before or after the date hereof and irrespective of any general incorporation language in any such filing.

The following graph compares the cumulative total return to stockholder return on our common stock relative to the cumulative total returns of the NASDAQ Composite Index and the NASDAQ Biotechnology Index. An investment of \$100 is assumed to have been made in our common stock and each index on February 7, 2019 (the first day of trading of our common stock) and its relative performance is tracked through December 31, 2024. Pursuant to applicable Securities and Exchange Commission rules, all values assume reinvestment of the full amount of all dividends, however no dividends have been declared on our common stock to date. The stockholder returns shown on the graph below are based on historical results and are not necessarily indicative of future performance, and we do not make or endorse any predictions as to future stockholder returns.



Purchases of Equity Securities by the Issuer and Affiliated Purchasers

None.

Item 6. [Reserved].

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

You should read the following discussion and analysis of our financial condition and results of operations together with our consolidated financial statements and related notes included elsewhere in this Annual Report on Form 10-K. This discussion contains forward-looking statements that involve risks and uncertainties, including those described in the section titled "Special Note Regarding Forward Looking Statements." Our actual results and the timing of selected events could differ materially from those discussed below. Factors that could cause or contribute to such differences include, but are not limited to, those identified below and those set forth under the section titled "Risk Factors" included elsewhere in this report.

Overview

We are a late-stage clinical biotechnology company with a mission to make degenerative brain disorders history. Our robust portfolio of therapies is focused on counteracting the devastating progression of neurodegenerative diseases, particularly in areas of high unmet need where therapeutic options are limited. We are at the forefront of a scientific and clinical revolution, committed to understanding the complex mechanisms that drive neurodegenerative diseases, including the roles of toxic misfolded proteins, deficient proteins, and lysosomal, immune system, and neuronal dysfunction.

We aim to develop product candidates that remove toxic proteins, replace critical deficient proteins, and restore immune and nerve cells to normal function. To pursue this aim, we are advancing a portfolio of programs that address genetically validated targets. These programs leverage our deep understanding of the genetic underpinnings of these diseases, combined with our expertise in drug development, proprietary protein engineering, antibody discovery, and our innovative Alector Brain Carrier (ABC) technology for blood-brain barrier transport. We are advancing ABC, our proprietary, versatile blood-brain barrier (BBB) technology platform and selectively applying it within our portfolio. ABC aims to enhance the delivery of therapeutics, achieve deeper brain penetration and efficacy at lower doses, and ultimately improve patient outcomes while reducing costs.

With a singular focus on transforming brain health, our research and drug discovery engine enables us to identify targets and develop a broad portfolio of product candidates validated by human genetics. These candidates, including those utilizing ABC technology, are designed to cross the BBB in sufficient quantity and potency to enable efficacious delivery to the brain and engage the intended targets. We seek to identify and develop biomarkers and biomarker assays that can accurately identify signs of a disease or condition, assist us in selecting the right patient population, demonstrate target and pathway engagement, and measure the impact on disease progression of our product candidates. We believe this may improve the probability of technical success over shorter development timelines.

Our clinical development portfolio includes latozinemab (AL001) and AL101/GSK4527226, while our preclinical and research pipeline features several candidates, including ADP037-ABC, ADP050-ABC, ADP056, and ADP063-ABC/ADP064-ABC.

Our operations have been financed primarily through our collaborations with AbbVie and GSK and the issuance and sale of convertible preferred stock and of common stock upon the completion of our initial public offering (IPO) and follow-on equity and debt financings.

To date, we have not had any products approved for sale and have not generated any revenue from product sales. Further, we do not expect to generate revenue from product sales until such time, if ever, that we are able to successfully complete the development and obtain marketing approval for one of our product candidates. We will continue to require additional capital to develop our product candidates and fund operations for the foreseeable

future. We have incurred net losses in each year since inception and we expect to continue to incur net losses for the foreseeable future. Our ability to generate product revenue will depend on the successful development and eventual commercialization of one or more of our product candidates. Our net losses were \$119.0 million, \$130.4 million, and \$133.3 million for the years ended December 31, 2024, 2023, and 2022, respectively. As of December 31, 2024, we had an accumulated deficit of \$829.1 million. Substantially all of our net losses have resulted from costs incurred in connection with our research and development programs and from general and administrative costs associated with our operations. We expect our expenses will increase substantially in connection with our ongoing activities, as we:

- advance product candidates through preclinical studies and clinical trials;
- pursue regulatory approval of product candidates;
- hire additional personnel;
- acquire, discover, validate, and develop additional product candidates;
- require the manufacture of supplies for our preclinical studies and clinical trials; and
- obtain, maintain, expand, and protect our intellectual property portfolio.

On November 25, 2024, we committed to a plan to reduce our workforce by approximately 17% to better align our resources with our strategic priorities. We initiated such reduction in force impacting approximately 41 employees across the organization. As of December 31, 2024, we had cash, cash equivalents, and marketable securities of \$413.4 million, which we anticipate provides runway through 2026.

Components of Results of Operations

Revenue

We have not generated any revenue from product sales and do not expect to do so in the near future. Our revenue to date has been primarily related to the AbbVie Agreement and GSK Agreement for the license and co-development of product candidates with those parties. We recognize revenue from the upfront payments and the milestone payment received from AbbVie over time as services are provided. We recognize revenue from the upfront payments from GSK at a point in time for a development license and over time for research and development services. Revenues for research and development services are recognized as the program costs are incurred by measuring actual costs incurred to date compared to the overall total expected costs to satisfy the performance obligation.

Under the terms of the GSK Agreement, we received \$700 million in upfront payments, of which \$500 million was received in August 2021 and \$200 million was received in January 2022. In addition, we will be eligible to receive up to an additional \$1.5 billion in clinical development, regulatory, and commercial launch-related milestone payments for latozinemab and AL101. Alector and GSK are jointly developing latozinemab and AL101. In May 2023, we and GSK amended the GSK Agreement. Under the terms of the GSK Amendment, we are responsible for funding GSK's and our development costs up to \$140.5 million for the conduct of the initial Phase 2 clinical trial of AL101 in AD.

In the United States, Alector and GSK will equally share profits and losses from commercialization of latozinemab and AL101. We may opt out of the sharing of development costs and of profit and losses from commercialization in the United States on a product-by-product basis. In such case, we will no longer conduct development or commercialization of that product and we will receive royalties on net sales of the product in the United States instead of a share of profits. Outside of the United States, GSK will be responsible for commercialization of latozinemab and AL101 for all indications, and we will be eligible for double-digit tiered royalties.

Under the terms of the AbbVie Agreement, we received upfront payments. Under the terms of the AbbVie Amendment signed in February 2023, the Company received a \$17.8 million milestone payment in March 2023 for the dosing of the first patient in the LTE trial and \$12.5 million payment in the second half of 2023 for the enrollment of additional patients. In January 2025, AbbVie decided to terminate the TREM2 collaboration program, which resulted in termination of the AbbVie Agreement.

We expect that our revenue for the next several years will be derived primarily from the GSK Agreement. The balance of deferred revenue was \$195.8 million as of December 31, 2024, related to the GSK Agreement. The deferred revenue is expected to be recognized over the research and development period of the programs through the completion of the initial Phase 2 clinical trials for specified indications for latozinemab and AL101.

Research and Development Expenses

Research and development expenses account for a significant portion of our operating expenses. We record research and development expenses as incurred. Research and development expenses consist primarily of costs incurred for the discovery and development of our product candidates, which include:

- expenses incurred under agreements with third-party contract organizations, preclinical testing organizations, and consultants;
- costs related to production of clinical materials, including fees paid to contract manufacturers;
- laboratory and vendor expenses related to the execution of preclinical studies and clinical trials;
- personnel-related expenses, including salaries, benefits, and stock-based compensation for personnel engaged in research and development functions;
- costs related to the preparation of regulatory submissions;
- third-party license fees; and
- facilities and other expenses, which include expenses for rent and maintenance of facilities, depreciation and amortization expense, and other supplies.

We expense all research and development costs in the periods in which they are incurred. Costs for certain development activities are recognized based on an evaluation of the progress to completion of specific tasks using information and data provided to us by our vendors, collaborators, and third-party service providers. Nonrefundable advance payments for goods or services to be received in future periods for use in research and development activities are deferred and capitalized. The capitalized amounts are then expensed as the related goods are delivered and as services are performed.

Specific program expenses include expenses associated with the development of our most advanced product candidates: latozinemab, which is being studied in a pivotal Phase 3 clinical trial, INFRONT-3; and AL101, which is being studied in a PROGRESS-AD Phase 2 clinical trial. We also have expenses related to the discovery and development of future product candidates and separately tracked expenses related to programs that we expect to move out of preclinical studies and into Phase 1 clinical trials. These expenses primarily relate to salaries and benefits, stock-based compensation, facility expenses, including depreciation, and lab consumables.

Where we share costs with our collaboration partners, such as in our GSK Agreement, research and development expenses may include cost sharing reimbursements from, or payments to, our partner.

At this time, we cannot reasonably estimate or know the nature, timing, and estimated costs of the efforts that will be necessary to complete the development of, and obtain regulatory approval for, any of our product candidates. We expect our research and development expenses to increase substantially for the foreseeable future as we continue to invest in research and development activities related to developing our product candidates, as our product candidates advance into later stages of development, as we begin to conduct larger clinical trials, as we seek regulatory approvals for any product candidates that successfully complete clinical trials, and incur expenses associated with hiring additional personnel to support our research and development efforts. The process of conducting the necessary clinical research to obtain regulatory approval is costly and time-consuming, and the successful development of our product candidates is highly uncertain.

General and Administrative Expenses

General and administrative expenses consist primarily of personnel-related costs, including stock-based compensation, for our personnel in executive, legal, finance and accounting, information technology, human resources, and other administrative functions. General and administrative expenses also include legal fees relating to intellectual property and corporate matters, professional fees paid for accounting, auditing, consulting, and tax services, insurance costs, and facility costs not otherwise included in research and development expenses.

Other Income, Net

Other income, net consists primarily of interest earned on our cash equivalents and marketable securities.

Income Tax Expense

Income tax expense consists of federal and state income tax provisions.

Results of Operations

The following table sets forth selected consolidated statements of operations data for the fiscal years indicated and the percentage change in such data from year to year. These historical operating results may not be indicative of the results for any future period. A discussion of our results of operations for the comparison of the years ended December 31, 2023 and 2022 can be found on page 103 of our Annual Report on Form 10-K for the fiscal year ended December 31, 2023 filed with the SEC on February 27, 2024.

Comparison of the Years Ended December 31, 2024 and 2023

	Year Ended December 31,		Dollar Change
	2024	2023 (In thousands)	
Collaboration revenue	\$ 100,558	\$ 97,062	\$ 3,496
Operating expenses:			
Research and development	185,940	192,115	(6,175)
General and administrative	59,615	56,687	2,928
Total operating expenses	245,555	248,802	(3,247)
Loss from operations	(144,997)	(151,740)	6,743
Other income, net	26,076	26,561	(485)
Loss before income taxes	(118,921)	(125,179)	6,258
Income tax expense	128	5,212	(5,084)
Net loss	<u>\$ (119,049)</u>	<u>\$ (130,391)</u>	<u>\$ 11,342</u>

Revenue

Collaboration revenue was \$100.6 million for the year ended December 31, 2024, compared to \$97.1 million for the year ended December 31, 2023. The increase of \$3.5 million was mainly due to a \$15.9 million increase in revenue recognized for the AL002 program and a \$9.8 million increase in revenue recognized for the latozinemab programs, offset by a \$22.2 million decrease in revenue recognized for the AL101 programs. Revenues are recognized as the program costs are incurred by measuring actual costs incurred to date compared to the overall total expected costs to satisfy the performance obligation.

Research and Development Expenses

Research and development expenses were \$185.9 million for the year ended December 31, 2024, compared to \$192.1 million for the year ended December 31, 2023. The decrease of \$6.2 million was mainly due to the Company's strategy to prioritize selected programs.

	Year Ended December 31,		Dollar Change
	2024	2023 (In thousands)	
<i>Direct research and development expenses</i>			
Latozinemab	\$ 13,909	\$ 14,511	\$ (602)
AL101	4,656	4,403	253
AL002	50,222	51,490	(1,268)
Other programs	16,908	21,096	(4,188)
<i>Indirect research and development expenses</i>			
Personnel related (including stock-based compensation)	75,909	76,956	(1,047)
Facilities and other unallocated research and development expenses	24,336	23,659	677
Total research and development expenses	<u>\$ 185,940</u>	<u>\$ 192,115</u>	<u>\$ (6,175)</u>

General and Administrative Expenses

General and administrative expenses were \$59.6 million for the year ended December 31, 2024, compared to \$56.7 million for the year ended December 31, 2023. The increase of \$2.9 million was mainly due to the impairment of the right-of-use asset and the leasehold improvements as we approved a plan to transition operations from our laboratory and office space in Newark, California to our South San Francisco headquarters.

Other Income, Net

Other income, net was \$26.1 million for the year ended December 31, 2024, compared to \$26.6 million for the year ended December 31, 2023. The decrease of \$0.5 million was due to lower interest income from a reduction in marketable securities used to fund our operations.

Income Tax Expense

Income tax expense was \$0.1 million for the year ended December 31, 2024, compared to \$5.2 million for the year ended December 31, 2023. The decrease was due to the full recognition of GSK revenue for tax purposes in 2023.

Liquidity and Capital Resources

Since our inception through December 31, 2024, our operations have been financed primarily by our collaborations with AbbVie and GSK and the issuance and sale of convertible preferred stock and of common stock upon the completion of our IPO and follow-on equity and debt financings.

As of December 31, 2024, we had \$413.4 million of cash, cash equivalents, and marketable securities. As of December 31, 2023, we had an accumulated deficit of \$829.1 million.

Future Funding Requirements

Our primary uses of cash are to fund our operations, which consist primarily of research and development expenditures related to our programs, and to a lesser extent, general and administrative expenditures. We expect our expenses to continue to increase in connection with our ongoing activities, in particular as we continue to advance our product candidates and our discovery programs. In addition, we expect to incur additional costs associated with operating as a public company.

As of December 31, 2024, we had cash, cash equivalents, and marketable securities of \$413.4 million, which we anticipate provides runway through 2026. We reduced our workforce to better align our resources with our current strategic priorities and maintain our expectations with respect to our ability to fund our operations. We have based this estimate on assumptions that may prove to be wrong, and we could utilize our available capital resources sooner than we currently expect. We may also choose to seek additional financing opportunistically. We may seek to raise capital through public equity or debt financings, license agreements, collaborative agreements or other arrangements with other companies, asset sales, or through other sources of financing. We have an omnibus shelf registration statement on Form S-3 with the SEC, which became effective on May 1, 2023, which permits us to issue up to \$400 million in common stock, other equity securities and/or debt securities. On November 7, 2023, we entered into an at-the-market sales agreement with TD Cowen pursuant to which we may offer and sell from time to time through TD Cowen up to \$125,000,000 of shares of our common stock, in such share amounts as we may specify by notice to TD Cowen. On January 17, 2024, we entered into an underwriting agreement with Cantor, pursuant to which we offered and sold 10,869,566 shares of the Company's common stock at a price per share of \$6.57 paid by Cantor. Additionally, on November 14, 2024, we entered into the Loan Agreement with our subsidiary, Alector LLC, as a co-borrower, the Lenders, and Hercules Capital, Inc., in its capacity as administrative agent and collateral agent for itself and the Lenders, pursuant to which we may access up to two tranches of Term Loans in an aggregate principal amount of up to \$50,000,000. The initial tranche of Term Loans provides for an aggregate principal amount of up to \$25,000,000 through June 30, 2026, subject to the satisfaction of certain conditions. The second tranche of Term Loans provides for up to \$25,000,000 and is available at the sole discretion of the Lenders. We borrowed \$10,000,000 principal amount of the initial tranche of Term Loans on the closing date of the Loan Agreement.

We expect to obtain substantial additional funding in the future for our research and development activities and continuing operations. If we were unable to raise capital when needed or on favorable terms, we would be forced to delay, reduce, or eliminate our research and development programs or future commercialization efforts.

Our future capital requirements will depend on many factors, including:

- the timing and progress of preclinical and clinical development activities; including, without limitation, our collaboration efforts with GSK;
- the number and scope of preclinical and clinical programs we decide to pursue;
- successful enrollment in and completion of clinical trials;
- our ability to establish agreements with third-party manufacturers for clinical supply for our clinical trials and, if our product candidates are approved, commercial manufacturing;
- our ability to maintain our current research and development programs and establish new research and development programs;
- addition and retention of key research and development personnel;
- our efforts to enhance operational, financial, and information management systems, and hire additional personnel, including personnel to support development of our product candidates;
- the costs associated with workforce reductions;
- negotiating favorable terms in any collaboration, licensing, or other arrangements into which we may enter and performing our obligations in such collaborations;
- the timing and amount of milestone and other payments we may receive under our collaboration arrangements;
- the costs and timing of regulatory approvals;
- our eventual commercialization plans for our product candidates;
- the effects of inflationary pressures; and

- the costs involved in prosecuting, defending, and enforcing patent claims and other intellectual property claims.

A change in the outcome of any of these or other variables with respect to the development of any of our product candidates could significantly change the costs and timing associated with the development of that product candidate. Furthermore, our operating plans may change in the future, and we may need additional funds to meet operational needs and capital requirements associated with such operating plans.

Cash Flows

The following table summarizes our cash flows for the periods indicated (in thousands):

	Year Ended December 31,		
	2024	2023	2022
Cash used in operating activities	\$ (229,905)	\$ (184,162)	\$ (20,329)
Cash provided by (used in) investing activities	107,131	101,918	(159,014)
Cash provided by financing activities	81,540	2,550	4,514

Operating Activities

For the year ended December 31, 2024, cash used in operating activities was \$230.0 million. This was mainly due to the net loss of \$119.0 million. We also had a decrease in deferred revenue of \$100.6 million and a decrease in refund liability of \$46.0 million. This was offset by a non-cash charge of \$39.5 million for stock-based compensation.

For the year ended December 31, 2023, cash used in operating activities was \$184.2 million. This was mainly due to the net loss of \$130.4 million. We also had a decrease in deferred revenue of \$66.8 million and a decrease in refund liability of \$24.5 million. This was offset by a non-cash charge of \$42.8 million for stock-based compensation.

For the year ended December 31, 2022, cash used in operating activities was \$20.3 million. This was due to the net loss of \$133.3 million offset by an increase in deferred revenue of \$66.4 million from the \$200 million upfront payment received less revenue recognized. In addition, we had non-cash charges of \$46.1 million for stock-based compensation.

Investing Activities

For the year ended December 31, 2024, cash provided by investing activities of \$107.1 million was primarily related to the maturities of marketable securities of \$573.6 million offset by purchases of marketable securities of \$467.7 million.

For the year ended December 31, 2023, cash provided by investing activities of \$101.9 million was primarily related to the maturities of marketable securities of \$652.5 million offset by purchases of marketable securities of \$551.7 million.

For the year ended December 31, 2022, cash used in investing activities of \$159.0 million was primarily related to the maturities of marketable securities of \$402.0 million offset by purchases of marketable securities of \$556.9 million.

Financing Activities

For the year ended December 31, 2024, cash provided by financing activities of \$81.5 million was primarily from the issuance of common stock of \$71.1 million upon a public offering and the debt issuance of \$9.4 million.

For the year ended December 31, 2023, cash provided by financing activities of \$2.6 million was primarily from the exercise of options to purchase common stock and the issuance of stock from the 2019 Employee Stock Purchase Plan.

For the year ended December 31, 2022, cash provided by financing activities of \$4.5 million was primarily from the exercise of options to purchase common stock.

Critical Accounting Policies and Estimates

Management's discussion and analysis of our financial condition and results of operations is based on our consolidated financial statements, which have been prepared in accordance with generally accepted accounting principles in the United States (GAAP). The preparation of these financial statements requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, as well as the reported revenue generated and expenses incurred during the reporting periods. Our estimates are based on our historical experience and on various other factors that we believe are reasonable under the circumstances, the results of which form the basis for making judgments about the carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions and any such differences may be material. We believe that the accounting policies discussed below are critical to understanding our historical and future performance, as these policies relate to the more significant areas involving management's judgments and estimates.

Revenue Recognition

We recognize revenue when control of promised goods or services is transferred to customers in an amount that reflects the consideration that is expected to be received for those goods or services. In determining the appropriate amount of revenue to be recognized as we fulfill our obligations under arrangements, we perform the following steps: (i) identify the contract(s) with a customer, (ii) identify the performance obligations in the contract, (iii) determine the transaction price, (iv) allocate the transaction price to the performance obligations in the contract, and (v) recognize revenue when (or as) the entity satisfies the performance obligations. If it is determined that multiple performance obligations exist, the transaction price is allocated at the inception of the agreement to all identified performance obligations based on the relative standalone selling price (SSP). The relative SSP for each deliverable is estimated using external sourced evidence if it is available. If external sourced evidence is not available, we use our best estimate of the SSP for the deliverable.

We recognize collaboration revenue at a point in time if control of the promised good or service has been transferred to the customer. We recognize collaboration revenue over time by measuring the progress toward complete satisfaction of the performance obligation using an input measure. In order to recognize revenue over the research and development period, we measure actual costs incurred to date compared to the overall total expected costs to satisfy the performance obligation. Revenues are recognized as the program costs are incurred. We re-evaluate the estimate of expected costs to satisfy the performance obligation each reporting period and make adjustments for any significant changes. Clinical trials are expensive and can take many years to complete, and the outcome is inherently uncertain. Changes in our forecasted costs are likely to occur over time based upon changes in clinical trial procedures set forth in protocols, changes in estimates of manufacturing costs, or feedback from regulators on the design or operation of our clinical trials. We have had changes to the overall expected costs to satisfy the performance obligations from period to period. For the year ended December 31, 2024, we recorded an increase to collaboration revenue under the AbbVie Agreement due to changes in estimated costs to satisfy the performance obligations resulting from the termination of the AL002 program.

Accrued Research and Development Expenses

We record accrued expenses for estimated preclinical study and clinical trial expenses. Estimates are based on the services performed pursuant to contracts with research institutions, CROs in connection with clinical studies, investigative sites in connection with clinical studies, vendors in connection with preclinical development activities, and contract manufacturing organizations in connection with the production of materials for clinical trials. Further, we accrue expenses related to clinical trials based on the level of patient enrollment and activity according to the related agreement. We monitor patient enrollment levels and related activity to the extent reasonably possible and make judgments and estimates in determining the accrued balance in each reporting period. If we underestimate or overestimate the level of services performed or the costs of these services, our actual expenses could differ from our estimates. To date, we have not experienced significant changes in our estimates of preclinical studies and clinical trial accruals.

Stock-based Compensation

Stock-based compensation is measured at the date of grant, based on the estimated fair value of the award and recognized as expense over the employee's requisite service period (usually the vesting period). We estimate the grant date fair value for options to purchase common stock, and the resulting stock-based compensation, using the Black-Scholes option-pricing model.

The Black-Scholes option-pricing model requires the use of subjective assumptions which determine the fair value of stock-based awards. These assumptions include:

Expected Term—The expected term represents the period that stock-based awards are expected to be outstanding. The expected term was derived by using the simplified method which uses the midpoint between the average vesting term and the contractual expiration period of the stock-based award.

Expected Volatility—We have limited information on the volatility of our stock as shares of our common stock were not actively traded on any public markets prior to February 7, 2019. The expected volatility was derived from the historical stock volatilities of comparable peer public companies within our industry. Those companies were considered to be comparable to our business over a period equivalent to the expected term of the stock-based awards. In 2020, we began giving weight to our own historical volatility in the determination of expected volatility.

Risk-Free Interest Rate—The risk-free interest rate is based on the U.S. Treasury yield curve in effect at the measurement date for zero-coupon U.S. Treasury notes with maturities approximately equal to the expected term.

Expected Dividend—The expected dividend rate is zero because we have not historically paid and do not expect for the foreseeable future to pay a dividend on our common stock.

Stock-based compensation associated with restricted stock units (RSUs) that vest based only on a service condition is based on the fair value of our common stock on the grant date, which equals the closing price of our common stock on the grant date. We recognize expense over the vesting period of the awards. Expense for options and RSUs that vest based only on a service condition is recognized on a straight-line basis.

We also granted RSUs with market conditions to certain executives. The fair value of the RSUs with market conditions are estimated using a Monte Carlo simulation model. The Monte Carlo model uses the fair value inputs on the grant date to run simulations and take an average of possible outcomes. Assumptions and estimates utilized in the model include the stock price on grant date, risk-free interest rate, dividend yield, expected stock volatility, and the estimated period to achieve the market condition. The expense is recognized based on continued employment of the participants, regardless of achievement of the market condition. Expense related to the RSUs with market conditions is recognized using the accelerated attribution method.

We account for forfeitures as they occur for all awards.

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

Interest Rate Risk

We are exposed to market risks in the ordinary course of our business. These risks primarily include interest rate sensitivities. The primary objective of our investment activities is to preserve capital to fund our operations. We also seek to maximize income from our investments without assuming significant risk. To achieve our objectives, we maintain a portfolio of investments in a variety of securities of high credit quality and generally short-term duration, invested in compliance with our policy.

We had cash, cash equivalents, and marketable securities of \$413.4 million as of December 31, 2024, which consisted primarily of bank deposits, money market funds, and government marketable securities. Such interest-earning instruments carry a degree of interest rate risk; however, historical fluctuations in interest income have not been significant for us. Due to the generally short-term maturities of our cash equivalents and marketable securities, and the low risk profile of our marketable securities, an immediate 100 basis point increase or decrease in interest rates would cause a change in fair value of approximately \$1.8 million as of December 31, 2024.

We deposit cash and cash equivalents with high credit quality financial institutions to minimize risk with respect to any amounts in excess of insurance limitations. Cash and cash equivalents held at these deposit accounts

are currently insured by the Federal Deposit Insurance Corporation (FDIC) up to a maximum of \$250,000. As of December 31, 2024, approximately \$1.1 million exceeded the FDIC limit, and the significant majority of the Company's operating cash is held at JPMorgan Chase & Co.

Foreign Currency Risk

Our expenses are generally denominated in U.S. dollars. However, we have entered into a limited number of contracts with vendors for research and development services with payments denominated in foreign currencies, including the Euro. We are subject to foreign currency transaction gains or losses on our contracts denominated in foreign currencies. To date, foreign currency transaction gains and losses have not been material to our financial statements, and we have not had a formal hedging program with respect to foreign currency. A 10% increase or decrease in current exchange rates would not have a material effect on our financial results.

Item 8. Financial Statements and Supplementary Data.

ALECTOR, INC.
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Report of Independent Registered Public Accounting Firm

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

Opinion on the Financial Statements

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

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2024, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework), and our report dated February 26, 2025 expressed an unqualified opinion thereon.

Basis for Opinion

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

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

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current period audit of the financial statements that was communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging,

subjective or complex judgments. The communication of the critical audit matter 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 account or disclosure to which it relates.

Revenue Recognition

Description of the Matter	The Company recorded collaboration revenue of \$100.6 million for the year ended December 31, 2024. As described in Note 2, collaboration revenue is recognized by measuring the progress toward complete satisfaction of the performance obligations using an input measure. In order to recognize collaboration revenue over the research and development period, the Company measures actual costs incurred to date compared to the overall total expected costs to satisfy the performance obligations. Revenues are recognized as the program costs are incurred. Auditing collaboration revenue was challenging as it involves assessing highly judgmental estimates with respect to the Company’s determination of the total expected costs to satisfy the performance obligations.
How We Addressed the Matter in Our Audit	We obtained an understanding, evaluated the design and tested the operating effectiveness of internal controls that address the identified risks related to the Company’s process used to determine total expected costs to satisfy the performance obligations, including management’s controls over updates to the budget for the relevant research and development programs. To test collaboration revenue, our audit procedures included, among others, obtaining an understanding of the Company’s estimated costs to satisfy the performance obligations, as well as assessing management’s updates to the budget for the relevant research and development programs. We also tested a sample of expenses recorded to the development program, evaluated the historical accuracy of management’s budget estimates for the relevant research and development programs, and inquired of Company personnel directly involved with supervising the development programs.

/s/ Ernst & Young LLP

We have served as the Company’s auditor since 2017.

San Mateo, California
February 26, 2025

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

	December 31,	December 31,
	2024	2023
Assets		
Current assets:		
Cash and cash equivalents	\$ 33,021	\$ 74,555
Marketable securities	380,376	474,306
Prepaid expenses and other current assets	11,420	16,946
Total current assets	424,817	565,807
Property and equipment, net	17,145	21,861
Operating lease right-of-use assets	19,951	25,195
Restricted cash	1,846	1,546
Other assets	4,544	7,418
Total assets	\$ 468,303	\$ 621,827
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable	\$ 2,215	\$ 3,775
Accrued clinical supply costs	6,989	5,215
Accrued liabilities	28,890	30,378
Deferred revenue, current portion	23,663	82,975
Payable to collaboration partner	5,914	7,703
Refund liability to collaboration partner, current portion	48,634	39,440
Operating lease liabilities, current portion	8,754	8,462
Total current liabilities	125,059	177,948
Deferred revenue, long-term portion	172,169	210,845
Long-term debt	9,389	—
Refund liability to collaboration partner, long-term portion	9,276	67,047
Operating lease liabilities, long-term portion	24,376	30,456
Other long-term liabilities	1,234	1,373
Total liabilities	341,503	487,669
Commitments and contingencies (Note 4)		
Stockholders' equity:		
Common stock, \$0.0001 par value; 200,000,000 shares authorized; 99,085,888 and 84,879,693 shares issued and outstanding as of December 31, 2024 and December 31, 2023, respectively	9	8
Additional paid-in capital	955,657	844,044
Accumulated other comprehensive income	261	184
Accumulated deficit	(829,127)	(710,078)
Total stockholders' equity	126,800	134,158
Total liabilities and stockholders' equity	\$ 468,303	\$ 621,827

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

ALECTOR, INC.

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

	Year Ended December 31,		
	2024	2023	2022
Collaboration revenue	\$ 100,558	\$ 97,062	\$ 133,617
Operating expenses:			
Research and development	185,940	192,115	210,418
General and administrative	59,615	56,687	61,033
Total operating expenses	245,555	248,802	271,451
Loss from operations	(144,997)	(151,740)	(137,834)
Other income, net	26,076	26,561	7,778
Loss before income taxes	(118,921)	(125,179)	(130,056)
Income tax expense	128	5,212	3,254
Net loss	(119,049)	(130,391)	(133,310)
Unrealized gain (loss) on marketable securities	77	4,759	(3,632)
Comprehensive loss	\$ (118,972)	\$ (125,632)	\$ (136,942)
Net loss per share, basic and diluted	\$ (1.23)	\$ (1.56)	\$ (1.62)
Shares used in computing net loss per share, basic and diluted	96,588,177	83,733,730	82,467,587

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

ALECTOR, INC.

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

	Common Stock		Additional Paid-In	Accumulated Other Comprehensive		Total Stockholders'
	Shares	Amount	Capital	Income (Loss)	Accumulated Deficit	Equity
Balance — December 31, 2021	81,986,192	\$ 8	\$ 748,036	\$ (943)	\$ (446,377)	\$ 300,724
Exercise of stock options	298,238	—	3,059	—	—	3,059
Vesting of restricted stock units	414,578	—	—	—	—	—
Purchase of common stock under employee stock purchase plan	196,710	—	1,455	—	—	1,455
Stock-based compensation	—	—	46,146	—	—	46,146
Unrealized loss on marketable securities	—	—	—	(3,632)	—	(3,632)
Net loss	—	—	—	—	(133,310)	(133,310)
Balance — December 31, 2022	82,895,718	8	798,696	(4,575)	(579,687)	214,442
Exercise of stock options	132,191	—	1,079	—	—	1,079
Vesting of restricted stock units	1,584,449	—	—	—	—	—
Purchase of common stock under employee stock purchase plan	267,335	—	1,471	—	—	1,471
Stock-based compensation	—	—	42,798	—	—	42,798
Unrealized gain on marketable securities	—	—	—	4,759	—	4,759
Net loss	—	—	—	—	(130,391)	(130,391)
Balance — December 31, 2023	84,879,693	8	844,044	184	(710,078)	134,158
Vesting of restricted stock units	3,001,132	—	—	—	—	—
Issuance of common stock upon public offering, net of issuance costs of \$3,892	10,869,566	1	71,107	—	—	71,108
Purchase of common stock under employee stock purchase plan	335,497	—	1,043	—	—	1,043
Stock-based compensation	—	—	39,463	—	—	39,463
Unrealized gain on marketable securities	—	—	—	77	—	77
Net loss	—	—	—	—	(119,049)	(119,049)
Balance — December 31, 2024	99,085,888	9	955,657	261	(829,127)	126,800

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

ALECTOR, INC.

Consolidated Statements of Cash Flows
(In thousands)

	Year Ended December 31,		
	2024	2023	2022
Cash flows from operating activities:			
Net loss	\$ (119,049)	\$ (130,391)	\$ (133,310)
Adjustments to reconcile net loss to net cash used in operating activities:			
Depreciation and amortization	5,407	5,725	5,714
Stock-based compensation	39,463	42,798	46,146
Amortization of premiums and accretion of discounts on marketable securities	(14,379)	(15,318)	(1,163)
Amortization of right-of-use assets	3,434	3,123	2,758
Impairment loss of right-of-use assets and leasehold improvements	2,205	—	—
Loss from disposal of fixed assets	—	48	—
Changes in operating assets and liabilities:			
Receivable from collaboration partner	—	2,587	4,804
Prepaid expenses and other current assets	5,526	(5,949)	(3,926)
Other assets	2,874	(1,009)	(835)
Accounts payable	(1,441)	(377)	(572)
Accrued liabilities and accrued clinical supply costs	340	2,546	(2,655)
Payable to collaboration partner	(1,789)	7,703	—
Deferred revenue	(100,558)	(66,782)	66,383
Refund liability to collaboration partner	(46,007)	(24,512)	—
Lease liabilities	(5,792)	(4,968)	(4,274)
Other long-term liabilities	(139)	614	601
Net cash used in operating activities	(229,905)	(184,162)	(20,329)
Cash flows from investing activities:			
Purchase of property and equipment	(1,255)	(2,381)	(4,117)
Purchase of marketable securities	(467,741)	(551,729)	(556,898)
Maturities of marketable securities	573,559	652,523	402,001
Sale of marketable securities	2,568	3,505	—
Net cash provided by (used in) investing activities	107,131	101,918	(159,014)
Cash flows from financing activities:			
Proceeds from the exercise of options to purchase common stock	—	1,079	3,059
Proceeds from issuance of stock from employee stock purchase plan	1,043	1,471	1,455
Proceeds from issuance of common stock upon public offering, net of issuance costs	71,108	—	—
Proceeds from debt financing, net of discount and issuance costs	9,389	—	—
Net cash provided by financing activities	81,540	2,550	4,514
Net decrease in cash, cash equivalents, and restricted cash	(41,234)	(79,694)	(174,829)
Cash, cash equivalents, and restricted cash at beginning of period	76,101	155,795	330,624
Cash, cash equivalents, and restricted cash at end of period	34,867	\$ 76,101	\$ 155,795
Non-cash investing and financing activities:			
Property and equipment purchases included in accounts payable and accrued liabilities	\$ —	\$ 172	\$ 493

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

1. The Company and Liquidity

Alector, Inc. (Alector or the Company) is a Delaware corporation headquartered in South San Francisco, California. Alector is a late-stage clinical biotechnology company focused on developing therapies to counteract the devastating progression of neurodegeneration.

Public Offering

On January 19, 2024, the Company completed a public offering through selling and issuing 10,869,566 shares of common stock at a price per share of \$6.57, resulting in aggregate net proceeds of \$71.1 million, after deducting underwriting discounts and commissions and offering costs.

2. Summary of Significant Accounting Policies

Basis of Presentation

The consolidated financial statements have been prepared in conformity with generally accepted accounting principles in the United States (GAAP) as defined by the Financial Accounting Standards Board (FASB). The consolidated financial statements include the accounts of Alector, Inc. and its wholly owned subsidiaries. All intercompany balances and transactions have been eliminated in consolidation.

Use of Estimates

The preparation of consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expense during the reporting period. The Company evaluates its estimates, including those related to revenue recognition, manufacturing accruals, clinical accruals, fair value of assets and liabilities, income taxes uncertainties, stock-based compensation, and related assumptions on an ongoing basis using historical experience and other factors and adjusts those estimates and assumptions when facts and circumstances dictate. Actual results could materially differ from those estimates.

Concentration of Credit Risk

Financial instruments that potentially subject the Company to significant concentrations of credit risk consist primarily of cash, cash equivalents, and short-term marketable securities. Cash and cash equivalents are deposited in checking and sweep accounts at financial institutions. Such deposits may, at times, exceed federally insured limits.

Cash, Cash Equivalents, and Restricted Cash

The Company considers all highly liquid investments with original maturities of three months or less at the date of purchase to be cash and cash equivalents. Cash equivalents, which consist of amounts invested in money market funds, are stated at fair value.

Restricted cash of \$1.5 million relates to a letter of credit established for a lease entered into in June 2018. Restricted cash of \$0.3 million was held as collateral to secure the use of corporate cards under a cash pledge agreement entered into in December 2024.

The following table provides a reconciliation of cash, cash equivalents, and restricted cash reported within the consolidated balance sheets that sum to the total of the same amounts shown in the consolidated statements of cash flows:

	Year Ended December 31,	
	2024	2023
	(In thousands)	
Cash and cash equivalents	\$ 33,021	\$ 74,555
Restricted cash	1,846	1,546
Total cash, cash equivalents, and restricted cash	<u>\$ 34,867</u>	<u>\$ 76,101</u>

Marketable Securities

All marketable securities have been classified as “available-for-sale” and are carried at fair value, based upon quoted market prices. The Company considers its available-for-sale portfolio as available for use in current operations. Accordingly, the Company may classify certain investments as short-term marketable securities, even though the stated maturity date may be one year or more beyond the current balance sheet date. For available-for-sale debt securities, unrealized gains or losses, net of any related tax effects, are excluded from earnings and are included in other comprehensive income and reported as a separate component of stockholders’ equity until realized. The Company assesses available-for-sale debt securities on a quarterly basis to see if any unrealized loss is due to credit-related factors. Factors considered in determining whether an impairment is credit-related include the extent to which the investment’s fair value is less than its cost basis, declines in published credit ratings, changes in interest rates, and any other adverse factors related to the security. If it is determined that a credit-related impairment exists, the Company will measure the credit loss based on a discounted cash flows model. Credit-related impairments on available-for-sale debt securities are recognized as an allowance for credit losses with a corresponding adjustment to other income, net in the Company’s consolidated statement of operations. The unrealized loss position that is not credit-related is recorded, net of any related tax effects, in other comprehensive income until realized. There were no credit-related losses recognized for the periods presented.

The cost of securities sold is based on the specific-identification method. The amortized cost of securities is adjusted for amortization of premiums and accretion of discounts to maturity. In accordance with our investment policy, management invests in money market funds, U.S. treasury securities, corporate bonds, certificates of deposit, and commercial paper. The Company has not experienced any losses on its deposits of cash, cash equivalents, and marketable securities.

Fair Value of Financial Instruments

The Company’s financial instruments include cash and cash equivalents, marketable securities, restricted cash, receivable from collaboration partner, current and noncurrent prepaid expenses, accounts payable, and accrued liabilities. The Company’s financial instruments approximate fair value due to their relatively short maturities.

The Company utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible. The Company determines the fair value of its financial instruments based on assumptions that market participants would use in pricing an asset or liability in the principal or most advantageous market. When considering market participant assumptions in fair value measurements, the following fair value hierarchy distinguishes between observable and unobservable inputs, which are categorized in one of the following levels:

Level 1 – Inputs are unadjusted, quoted prices in active markets for identical assets or liabilities at the measurement date;

Level 2 – Inputs are observable, unadjusted quoted prices in active markets for similar assets or liabilities, unadjusted quoted prices for identical or similar assets or liabilities 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 related assets or liabilities; and

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

Property and Equipment

Property and equipment are stated at cost, net of accumulated depreciation and amortization. Depreciation and amortization is computed using the straight-line method over the estimated useful lives of the respective assets, generally three to five years. Leasehold improvements are amortized over the lesser of their useful lives or the remaining life of the lease. When assets are retired or otherwise disposed of, the cost and related accumulated depreciation and amortization are removed from the consolidated balance sheet and the resulting gain or loss is reflected in the consolidated statements of operations in the period realized. Maintenance and repairs are charged to the consolidated statements of operations as incurred.

Leases

The Company determines whether an arrangement is or contains a lease at the inception of the arrangement. Leases are recognized on the balance sheet as right-of-use assets and lease liabilities. Lease liabilities and their corresponding right-of-use assets are recorded based on the present value of lease payments over the expected lease term. The Company utilizes the appropriate incremental borrowing rate, which is the rate incurred to borrow on a collateralized basis over a similar term an amount equal to the lease payments in a similar economic environment. Certain adjustments to the right-of-use asset may be required for items such as initial direct costs paid or incentives received and any prepaid or accrued rent. Rent expense for the operating lease is recognized on a straight-line basis over the lease term and is included in operating expenses on the statements of operations and comprehensive loss. Variable lease payments include lease operating expenses.

The Company excludes balance sheet recognition of operating leases having a term of 12 months or less (short-term leases) and does not separate lease components and non-lease components for its long-term leases.

Impairment of Long-Lived Assets

The Company reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability is measured by comparing the carrying amount to the future net undiscounted cash flows which the assets are expected to generate. If the total of the undiscounted future cash flows is less than the carrying amount of the assets, an impairment loss is recognized for the amount by which the carrying amount of the assets exceeds its fair value. For the year ended December 31, 2024 the Company recognized an impairment loss of \$2.2 million on the right-of-use asset and the leasehold improvements. The Company did not recognize an impairment loss on its long-lived assets for the years ended December 31, 2023 and 2022.

Revenue Recognition

The Company recognizes revenue when control of promised goods or services is transferred to customers in an amount that reflects the consideration that is expected to be received for those goods or services. In determining the appropriate amount of revenue to be recognized as the Company fulfills its obligations under arrangements, the Company performs the following steps: (i) identify the contract(s) with a customer, (ii) identify the performance obligations in the contract, (iii) determine the transaction price, (iv) allocate the transaction price to the performance obligations in the contract, and (v) recognize revenue when (or as) the entity satisfies the performance obligation. If it is determined that multiple performance obligations exist, the transaction price is allocated at the inception of the agreement to all identified performance obligations based on the relative standalone selling price (SSP). The relative SSP for each performance obligation is estimated using externally sourced evidence if it is available. If externally sourced evidence is not available, we use our best estimate of the SSP for the performance obligation.

The Company recognizes collaboration revenue at a point in time if control of the promised good or service has been transferred to the customer. The Company recognizes collaboration revenue over time by measuring the progress toward complete satisfaction of the performance obligation using an input measure. In order to recognize revenue over the research and development period, the Company measures actual costs incurred to date compared to the overall total expected costs to satisfy the performance obligation. Revenues are recognized as the program costs are incurred. The Company re-evaluates the estimate of expected costs to satisfy the performance obligation each reporting period.

Research and Development Costs

Research and development costs are expensed as incurred and consist primarily of new product development. Research and development costs include salaries and benefits, consultants' fees, process development costs, stock-based compensation, and laboratory supplies, as well as fees paid to third parties that conduct certain research and development activities on the Company's behalf. In addition, research and development costs include the reimbursable costs incurred for the collaboration agreements, which includes payroll costs for time incurred on projects, laboratory supplies, and third-party research and development activities.

A substantial portion of the Company's ongoing research and development activities are conducted by third-party service providers. The Company records accrued expenses for estimated preclinical study and clinical

trial expenses. Estimates are based on the services performed pursuant to contracts with research institutions, CROs in connection with clinical studies, investigative sites in connection with clinical studies, vendors in connection with preclinical development activities, and contract manufacturing organizations in connection with the production of materials for clinical trials. Further, the Company accrues expenses related to clinical trials based on the level of patient enrollment and activity according to the related agreement. The Company monitors patient enrollment levels and related activity to the extent reasonably possible and make judgments and estimates in determining the accrued balance in each reporting period. If the Company underestimates or overestimates the level of services performed or the costs of these services, actual expenses could differ from estimates. To date, the Company has not experienced significant changes in its estimates of preclinical studies and clinical trial accruals.

Stock-based Compensation

Stock-based compensation is measured on the grant date based on the fair value of the awards. The fair value of options to purchase common stock is measured using the Black-Scholes option-pricing model. Stock-based compensation associated with restricted stock units (RSUs) that vest based only on a service condition is based on the fair value of the Company's common stock on the grant date, which equals the closing price of the Company's common stock on the grant date. The Company recognizes expense over the vesting period of the awards. Expense for options and RSUs that vest based only on a service condition is recognized on a straight-line basis.

The fair value of RSUs with market conditions is estimated using a Monte Carlo simulation model. The Monte Carlo model uses the fair value inputs on the grant date to run simulations and take an average of possible outcomes. Assumptions and estimates utilized in the model include the stock price on grant date, risk-free interest rate, dividend yield, expected stock volatility, and estimated period to achieve the market condition. The expense is recognized based on continued employment of the participants, regardless of achievement of the market condition. Expense related to the RSUs with market conditions is recognized using the accelerated attribution method.

The Company accounts for forfeitures as they occur for all awards.

Comprehensive Loss

Comprehensive loss includes net loss and certain changes in stockholders' equity that are the result of transactions and economic events other than those with stockholders. The Company's only element of other comprehensive loss was net unrealized gain (loss) on marketable securities.

Income Taxes

The Company accounts for income taxes under the asset and liability method, which requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been included in the financial statements. Under this method, deferred tax assets and liabilities are determined based on the differences between the financial statement and tax bases of assets and liabilities and are measured using enacted tax rates and laws that will be in effect when the differences are expected to reverse. The effect of a change in tax rates on deferred tax assets and liabilities is recognized in income in the period that includes the enactment date.

The deferred tax assets are recognized to the extent the Company believes that these assets are more likely than not to be realized. A valuation allowance is provided when it is more likely than not that some portion or all of a deferred tax asset will not be realized. Due to the Company's historical operating performance and the recorded cumulative net losses in prior periods, the net deferred tax assets have been fully offset by a valuation allowance.

The Company records uncertain tax positions using a two-step process. First, the Company determines whether it is more likely than not that the tax positions will be sustained on the basis of the technical merits of the position. Second, for those tax positions that meet the more-likely-than-not recognition threshold, the Company recognizes the largest amount of tax benefit that is more than 50% likely to be realized upon ultimate settlement with the related tax authority.

The Company recognizes interest and penalties related to unrecognized tax benefits within the provision for taxes in the consolidated statements of operations. The Company accrued \$0.2 million interest and penalties for the year ended December 31, 2024.

Employee 401(k) Plan

The Company has a qualified contributory savings plan under Section 401(k) of the Internal Revenue Code (the Code) covering substantially all U.S. employees of Alector. The 401(k) plan is designed to provide tax-deferred retirement benefits in accordance with the provisions of Section 401(k) of the Code. Eligible employees may defer up to 100% of their eligible compensation up to the annual maximum as determined by the Internal Revenue Service. The Company's contributions to the plan are discretionary. For the years ended December 31, 2024, 2023, and 2022, the Company made matching contributions of \$1.1 million, \$1.1 million, and \$1.2 million, respectively.

Long-term debt

Long-term debt is initially recognized at cost and presented net of original issue discount and debt issuance costs on the consolidated balance sheets. Amortization of debt discount and debt issuance costs is recognized as interest expense over the period of the debt, using the effective interest rate method.

Segments

The Company operates in one segment. The Company's chief operating decision maker (CODM), its Chief Executive Officer, manages the Company's operations on a consolidated basis for purposes of allocating resources. When evaluating the Company's financial performance, the CODM reviews total revenues, total expenses and expenses by function.

The table below is a summary of the segment profit or loss, including significant segment expenses (in millions):

	Year Ended December 31,		
	2024	2023	2022
Collaboration revenue	\$ 100.6	\$ 97.1	\$ 133.6
Less:			
Compensation and benefits	73.2	72.8	69.1
Lab expenses and outside research services	14.8	11.6	19.8
Clinical supply costs	22.5	26.4	29.4
Clinical trials	58.6	62.3	59.2
Support functions	32.2	31.2	36.6
Other segment expenses ^(a)	44.3	44.5	57.4
Total operating expenses	245.6	248.8	271.5
Loss from operations	(145.0)	(151.7)	(137.9)
Other income, net	26.1	26.6	7.8
Segment and consolidated loss before income taxes	\$ (118.9)	\$ (125.1)	\$ (130.1)

(a) Other segment expenses include consultants & contractor expense, contra-R&D expense for GSK collaboration, depreciation expense, impairment loss, restructuring expense, and stock-based compensation expense.

Recent Accounting Pronouncements

In December 2023, the FASB issued ASU 2023-09, *Income Taxes (Topic 740): Improvements to Income Tax Disclosures*, which expands disclosures in an entity's income tax rate reconciliation table and disclosures regarding cash taxes paid both in the U.S. and foreign jurisdictions. The update will be effective for annual periods beginning after December 15, 2024. The Company is currently evaluating the impact that this guidance will have on the Company's consolidated financial statements and disclosures.

3. Fair Value Measurements

The following tables summarize the Company's financial assets measured at fair value on a recurring basis by level within the fair value hierarchy:

		December 31, 2024			
	Fair Value Hierarchy	Amortized Cost	Unrealized Gains (In thousands)	Unrealized Losses	Fair Market Value
Money market funds	Level 1	\$ 31,310	\$ —	\$ —	\$ 31,310
U.S. government treasury securities	Level 1	72,360	38	(38)	72,360
Certificates of deposit	Level 2	15,955	4	(1)	15,958
Commercial paper	Level 2	81,744	51	(15)	81,780
Corporate bonds	Level 2	210,056	301	(79)	210,278
Total cash equivalents and marketable securities		<u>\$ 411,425</u>	<u>\$ 394</u>	<u>\$ (133)</u>	<u>\$ 411,686</u>

		December 31, 2023			
	Fair Value Hierarchy	Amortized Cost	Unrealized Gains (In thousands)	Unrealized Losses	Fair Market Value
Money market funds	Level 1	\$ 67,101	\$ —	\$ —	\$ 67,101
U.S. government treasury securities	Level 1	178,232	86	(112)	178,206
Certificates of deposit	Level 2	29,086	63	—	29,149
Commercial paper	Level 2	140,082	85	(34)	140,133
Corporate bonds	Level 2	129,474	173	(78)	129,569
Total cash equivalents and marketable securities		<u>\$ 543,975</u>	<u>\$ 407</u>	<u>\$ (224)</u>	<u>\$ 544,158</u>

The Company's Level 2 securities are valued using third-party pricing sources. The pricing services utilize industry standard valuation models for which all significant inputs are observable. The Company classifies marketable securities available to fund current operations as current assets. As of December 31, 2024, the remaining contractual maturities of \$364.8 million of investments were less than one year and \$46.9 million of investment were after one year through two years. The Company does not intend to sell the investments that are currently in an unrealized loss position, and it is highly unlikely that the Company will be required to sell the investments before recovery of their amortized cost basis, which may be at maturity. For the years ended December 31, 2024 and 2023, the Company sold marketable securities for the total proceeds of \$2.6 million and \$3.5 million for immaterial realized losses or gains based on the specific identification method. The Company did not sell any marketable securities for the year ended December 31, 2022.

4. Commitments and Contingencies

Contingencies

From time to time, the Company may be involved in litigation related to claims that arise in the ordinary course of its business activities. The Company accrues for these matters when it is probable that future expenditures will be made and these expenditures can be reasonably estimated. As of December 31, 2024, the Company does not believe that any such matters, individually or in the aggregate, will have a material adverse effect on the Company's financial position, results of operations or cash flows.

Indemnification

The Company enters into customary indemnification arrangements in the ordinary course of business with vendors, clinical trial sites and other parties. Pursuant to these arrangements, the Company indemnifies, holds harmless and agrees to reimburse the indemnified parties for certain losses suffered or incurred by the indemnified party. The term of these indemnification agreements is generally perpetual any time after the execution of the agreement. The maximum potential amount of future payments the Company could be required to make under these arrangements is not determinable. The Company has never incurred costs to defend lawsuits or settle claims related to these indemnification agreements. As a result, the Company has not recorded a liability related to such indemnification agreements as of December 31, 2024 or 2023. As permitted under Delaware law, the Company has entered into indemnification agreements with its directors and officers that requires it to indemnify its directors and officers against liabilities that may arise by reason of their status or service as directors or officers to the fullest extent permitted by law. The Company also has directors' and officers' insurance.

5. Collaboration Agreements

GSK

On July 1, 2021, the Company entered into a Collaboration and License Agreement with Glaxo Wellcome UK Limited, a subsidiary of GlaxoSmithKline plc (GSK), pursuant to which the Company and GSK collaborate on the global development and commercialization of progranulin-elevating monoclonal antibodies, including latozinemab, and AL101 (GSK Agreement). The GSK Agreement became effective on August 17, 2021.

Under the terms of the GSK Agreement, the Company received \$700 million in upfront payments, of which \$500 million was received in August 2021 and \$200 million was received in January 2022. In addition, based on the development and commercialization plan for latozinemab and AL101, the Company may be eligible to receive up to an additional \$1.5 billion in clinical development, regulatory, and commercial launch-related milestone payments. In the United States, the Company and GSK will equally share profits and losses from commercialization of latozinemab and AL101. Outside of the United States, the Company will be eligible for double-digit tiered royalties.

The Company and GSK will jointly develop latozinemab and AL101, with GSK conducting Phase 3 clinical trials for Alzheimer's disease, Parkinson's disease and other non-orphan indications. GSK will also conduct the initial Phase 2 trial for AL101 in Alzheimer's disease. Development costs will be shared 60% by GSK and 40% by the Company, except that subject to the GSK Amendment (defined below), the Company will solely bear the development costs of the initial Phase 2 clinical trials under the development plan, and the parties will share manufacturing development costs equally.

In May 2023, the Company and GSK amended the GSK Agreement (GSK Amendment). Under the terms of the GSK Amendment, the Company is responsible for funding and sharing in GSK's and the Company's development costs up to \$140.5 million for the conduct of the initial Phase 2 trial for AL101 in Alzheimer's disease. The Company assessed the GSK Amendment in accordance with ASC 606 and concluded that the GSK Amendment was a contract modification to the GSK Agreement. Accordingly, the transaction price as of May 2023, was updated from \$700 million to \$571.6 million and the difference of \$128.4 million was recorded as refund liability to collaboration partner for the expected cost reimbursement to GSK. The refund liability is an estimate of variable consideration calculated as the difference between the Company's maximum funding of \$140.5 million and the Company's cost budget estimated using the expected value method. The Company determined that the modified performance obligation for the AL101 Alzheimer's

disease program is performing development activities to support the initial Phase 2 trial, including license rights and know-how. The Company updated the cost-based input measure of progress for the modified performance obligation and recorded a cumulative catch-up adjustment to revenue of \$26.9 million on the modification date relating to the performance obligation which was satisfied in prior periods.

During the three months ended September 30, 2023, as a result of the planned closure of the latozinemab Phase 2 trial and concurrent agreement by the Company to cost-share additional R&D, the Company determined there was a modification of the GSK Agreement, resulting in a decrease of the scope of the performance obligation associated with the latozinemab FTD-*C9orf72* Phase 2 trial and an increase in the amount of R&D cost-shared by the Company in future periods. The impact of this additional cost share was accounted for as a refund liability, which reduced the transaction price for the GSK Agreement by \$4.2 million. The refund liability is an estimate of variable consideration. The Company determined that the modified performance obligation for the latozinemab FTD-*C9orf72* indication is performing the first Phase 2 development activities, including license rights and know-how. The Company updated the cost-based input measure of progress for the modified performance obligation and recorded a cumulative catch-up adjustment to revenue of \$4.9 million on the modification date relating to the performance obligation that was satisfied in prior periods.

The Company concluded that the GSK Agreement is within the scope of ASC 808, Collaborative Arrangements, as both parties are active participants in the activities and are exposed to significant risks and rewards dependent on the success of the commercialization of latozinemab and AL101. Certain elements are required to be accounted for under ASC 606, Revenue From Contracts With Customers, where the counterparty is a customer for a good or service that is a distinct unit of account.

The Company determined that the distinct performance obligations under ASC 606 consisted of: (i) license and know-how to latozinemab FTD-*GRN*, which is currently in Phase 3 clinical development and (ii) the research and development activities, including license rights and know-how, relating to products in Phase 2 or earlier stages of development.

The transaction price at inception included fixed consideration consisting of the upfront payments of \$700 million. The transaction price as of December 31, 2024 was decreased to \$571.6 million due to the estimated refund liabilities created from the contract modifications. The Company reassessed the remaining estimated refund liabilities to collaboration partner as of December 31, 2024 to be \$57.9 million. All potential future milestones and other payments were considered constrained at the inception of the GSK Agreement and as of December 31, 2024, since the Company could not conclude it was probable that a significant reversal in the amount of revenue recognized would not occur.

The respective standalone value for each of the performance obligations was allocated to the transaction price. The estimated SSP of each performance obligation was determined using discounted cash flows from the expected commercialization of latozinemab and AL101 and estimated research and development costs to be incurred by the Company in each of the initial Phase 2 clinical trials. The estimate of SSP for each performance obligation reflects management's assumptions, which may include forecasted revenues, development timelines, discount rates, and probabilities of technical and regulatory success. For the license for FTD-*GRN*, the Company determined that GSK could benefit from the license at the time the license was granted and therefore, the related performance obligation was satisfied at a point in time. For the product candidates in Phase 2 or earlier stages of development, the Company determined that GSK could not benefit from the licenses without the corresponding development services that the Company has committed to perform due the earlier stage of development for these licenses. Except where agreed to otherwise, the Company will perform research and development activities through the end of the initial Phase 2 clinical trials. Revenue will be recognized over time as the research and development activities are performed. The Company will measure progress based on actual costs incurred to date compared to the overall total expected costs to satisfy the performance obligations.

The research and development activities for products in Phase 3 clinical development were determined to be within the scope of ASC 808. Both parties will be active participants in the development, manufacturing, and commercialization of the product and are exposed to significant risks and rewards that are dependent on the commercial success of the products. The Company and GSK participate in profit and loss sharing for each program commensurate with each party's cost-sharing responsibilities during research and development. ASC 808 does not provide recognition and measurement guidance. As such, the Company determined that ASC

730, Research and Development, was appropriate to analogize to based on the nature of the cost-sharing provision of the agreement. The Company has concluded that payments to or reimbursements from GSK related to these services will be accounted for as an increase to or reduction of research and development expenses, respectively.

Collaboration revenue under the GSK Agreement during the year ended December 31, 2024, 2023 and 2022, was \$54.1 million, \$66.6 million and \$62.9 million, respectively, the entire amount of which was included in deferred revenue at the beginning of the period. The deferred revenue related to the GSK Agreement was \$195.8 million and \$247.4 million as of December 31, 2024 and 2023. The deferred revenue is expected to be recognized over the research and development period of the programs through the completion of initial Phase 2 clinical trials.

Costs associated with co-development activities performed under the agreement are included in research and development expenses in the consolidated statements of operations, with any reimbursement of costs by GSK reflected as a reduction of such expenses. For the year ended December 31, 2024 and 2023, the Company recognized a reduction of research and development expense of \$23.3 million and \$21.8 million, respectively, under the GSK Agreement.

AbbVie

The Company entered into an agreement in October 2017 with AbbVie Biotechnology, Ltd. (AbbVie) to co-develop antibodies to two program targets in preclinical development (AbbVie Agreement). Under the terms of the AbbVie Agreement, AbbVie made \$205.0 million in upfront payments, of which \$5.0 million and \$200.0 million were received by the Company in October 2017 and January 2018, respectively. The Company was to perform research and development services for the two programs through the end of Phase 2 clinical trials, which were each considered to be separate performance obligations. AbbVie decided to terminate one of the two collaboration programs, the CD33 collaboration program, after AbbVie and Alector concluded that further development of AL003, the asset being developed under that program, was not warranted. AbbVie provided written notice to terminate the CD33 collaboration program on June 30, 2022. Accordingly, the Company is no longer developing that program and will not be eligible for any future milestones related to that program from AbbVie. The Company assessed its collaboration agreement with AbbVie in the context of the delivery of the research and development services.

In February 2023, the Company and AbbVie amended the AbbVie Agreement (AbbVie Amendment), which resulted in the Company receiving a \$17.8 million milestone payment in March 2023 for the dosing of the first patient in an LTE trial. In addition, under the terms of the AbbVie Amendment, the Company was eligible to earn up to an additional \$12.5 million to support the enrollment of additional patients to replace discontinuations, and the Company received the total \$12.5 million in 2023. The performance obligations to conduct the LTE trial and enroll additional patients are not considered distinct from the AL002 program performance obligation.

In November 2024, the Company announced results from the INVOKE-2 Phase 2 clinical trial evaluating the safety and efficacy of AL002 in slowing disease progression in individuals with early AD. Treatment with AL002 resulted in sustained target engagement and pharmacodynamic responses indicative of microglial activation. However, AL002 failed to meet the primary endpoint of slowing of Alzheimer's clinical progression as measured by the Clinical Dementia Rating Sum of Boxes (CDR®-SB), and there were no treatment effects that favored AL002 on secondary clinical and functional endpoints. Similarly, there were no significant effects on Alzheimer's fluid biomarkers favoring AL002, and amyloid PET imaging demonstrated no treatment-related reduction of brain amyloid levels. Based upon the results, the Company is stopping the long term extension (LTE) study.

The transaction price as of December 31, 2024 included fixed consideration consisting of the upfront payments of \$205.0 million, the \$17.8 million LTE milestone payment, and the \$12.5 million payment for enrollment of additional patients.

Collaboration revenue under the AbbVie Agreement during the years ended December 31, 2024 was \$46.4 million, all of which was included in deferred revenue at the beginning of the period. Collaboration revenue under the AbbVie Agreement during the years ended December 31, 2023 and 2022 was \$30.5 million and \$70.7 million, respectively. Collaboration revenue under the AbbVie Agreement was fully recognized as of

December 31, 2024. The deferred revenue related to the AbbVie Agreement was \$46.4 million as of December 31, 2023. The performance obligation was satisfied in December 2024, and all remaining deferred revenue has been recognized. In January 2025, AbbVie decided to terminate the TREM2 collaboration program, under which AL002 was being developed, which resulted in termination of the AbbVie Agreement.

6. Balance Sheet Components

Property and Equipment, Net

Property and equipment, net consists of the following:

	December 31,	
	2024	2023
	(In thousands)	
Computer equipment	\$ 2,407	\$ 2,372
Furniture and fixtures	2,439	2,430
Lab equipment	18,884	18,493
Leasehold improvements	26,357	26,616
Property and equipment, gross	50,087	49,911
Less accumulated depreciation and amortization	(32,942)	(28,050)
Total property and equipment, net	<u>\$ 17,145</u>	<u>\$ 21,861</u>

Accrued Liabilities

Accrued liabilities consist of the following:

	December 31,	
	2024	2023
	(In thousands)	
Accrued employee compensation	\$ 18,213	\$ 15,297
Accrued research and development costs	8,977	13,539
Accrued professional services	1,218	1,119
Other	482	423
Total accrued liabilities	<u>\$ 28,890</u>	<u>\$ 30,378</u>

7. Leases

In June 2018, the Company signed a lease agreement to lease approximately 105,000 square feet in office and laboratory space in South San Francisco which serves as the Company's headquarters (the Headquarters). The lease expires in 2029 with an option to renew for a period of ten years. The landlord paid for \$15.7 million of tenant improvements. In connection with the lease, the Company entered into a letter of credit arrangement in the amount of \$1.5 million as collateral for the lease, which is classified as restricted cash on the consolidated balance sheets. In October 2020, the Company signed a lease agreement to lease approximately 18,700 square feet of office and laboratory space in Newark, California. The lease term ends on February 6, 2028 with an option to extend for an additional five years. The landlord is obligated to pay for up to \$0.4 million of tenant improvements. The measurement of the lease liabilities for the leases excludes the options to extend the term of the lease as such extensions are not reasonably certain to occur. Variable lease costs for all of the Company's leases consist of operating expenses for the spaces.

In November 2021, the Company entered into an agreement to sublease approximately 7,100 square feet of the Headquarters, which was amended in May 2022 to include an additional space of 13,150 square feet. The 7,100 square feet of space subleased expired in December 2022 and the additional space of 13,150 expired in

November 2023. In October 2023, the Company entered into a second amendment to sublease approximately 13,250 square feet of the Headquarters. This sublease expired in November 2024.

In February 2023, the Company entered into an agreement to sublease approximately 9,300 square feet of the Headquarters. This sublease will expire in July 2025. The sublessee pays its proportionate share of operating expenses for the space.

In August 2024, the Company approved a plan to transition operations from its laboratory and office space in Newark, California to its South San Francisco headquarters. The Company's intention is to sublease the Newark facility. The Company recorded an impairment charge of \$2.2 million in general and administrative expenses to write-down the right-of-use asset and the leasehold improvements for the year ended December 31, 2024.

The components of lease expense were as follows:

	2024	December 31, 2023 (In thousands)	2022
Operating lease cost	\$ 6,494	\$ 6,626	\$ 6,638
Variable lease cost	3,410	3,149	2,785
Sublease income and reimbursement of variable lease cost	(2,444)	(2,482)	(1,872)
Total	<u>\$ 7,460</u>	<u>\$ 7,293</u>	<u>\$ 7,551</u>

As of December 31, 2024, the weighted-average remaining lease term for operating leases was 4.2 years and the weighted-average discount rate was 8.6%. Cash paid for amounts included in the measurement of lease liabilities for the year ended December 31, 2024, 2023, and 2022 was \$8.7 million, \$8.4 million, and \$8.2 million, respectively, was included in net cash used in operating activities in our consolidated statements of cash flows.

The following are the lease payments owed under the Company's operating leases as of December 31, 2024:

	(In thousands)
2025	\$ 9,161
2026	9,477
2027	9,804
2028	8,969
2029	2,209
Total undiscounted lease payments	39,620
Less: Present value adjustment	(6,490)
Total lease liability	<u>\$ 33,130</u>

8. Stock-based Compensation

The Company recognized stock-based compensation as follows (in thousands):

	2024	Year Ended December 31, 2023	2022
Research and development	\$ 19,836	\$ 22,407	\$ 24,895
General and administrative	19,627	20,391	21,251
Total stock-based compensation	<u>\$ 39,463</u>	<u>\$ 42,798</u>	<u>\$ 46,146</u>

Determination of Fair Value

The estimated grant-date fair value of all the Company's options to purchase common stock was calculated using the Black-Scholes option pricing model, based on the following assumptions:

	Year Ended December 31,		
	2024	2023	2022
Expected term (in years)	6.0	5.3 – 6.0	5.3 – 6.1
Expected volatility	81%	79% – 80%	79% – 80%
Risk free interest rate	4.3%	3.5% – 4.6%	1.5% – 4.3%
Dividend yield	—	—	—

The fair value of each stock option was determined by the Company using the methods and assumptions discussed below. Each of these inputs is subjective and generally requires judgment and estimation by management.

Expected Term—The expected term represents the period that stock-based awards are expected to be outstanding. The expected term was derived by using the simplified method which uses the midpoint between the average vesting term and the contractual expiration period of the stock-based award.

Expected Volatility—The Company has limited information on the volatility of stock options as the shares were not actively traded on any public markets prior to February 7, 2019. The expected volatility was derived from the historical stock volatilities of comparable peer public companies within its industry. Those companies were considered to be comparable to the Company's business over a period equivalent to the expected term of the stock-based awards. In 2020, the Company began giving weight to its own historical volatility in the determination of expected volatility.

Risk-Free Interest Rate—The risk-free interest rate is based on the U.S. Treasury yield curve in effect at the date of grant for zero-coupon U.S. Treasury notes with maturities approximately equal to the expected term.

Expected Dividend Rate—The expected dividend is zero as the Company has not paid nor does it anticipate paying any dividends on its common stock in the foreseeable future.

2019 Equity Incentive Plan and 2022 Inducement Plan

On February 6, 2019, the Company adopted the 2019 Equity Incentive Plan (2019 Plan) under which the Board may issue incentive stock options, nonstatutory stock options, restricted stock, restricted stock units, stock appreciation rights, performance units, and performance shares to the Company's employees, directors, and consultants. The Company's 2017 Stock Option and Grant Plan (2017 Plan) was terminated; however, shares subject to outstanding awards granted under it will continue to be governed by the 2017 Plan. Shares reserved for issuance but not issued pursuant to, or not subject to, awards granted under the 2017 Plan were added to the available shares in the 2019 Plan. Shares subject to awards granted under the 2017 Plan that are repurchased by, or forfeited to, the Company will also be reserved for issuance under the 2019 Plan. The board of directors, or a committee appointed by the board of directors, has the authority to determine to whom options or shares will be granted, the number of shares, the term, and the exercise price. Under the 2019 Plan, if an individual owns stock representing 10% or more of the outstanding shares, then for the individual's incentive stock options, the exercise price of each share shall be at least 110% of the fair market value and the term of the award shall not exceed five years. All other options granted under the 2019 Plan must have an exercise price at least equal to the fair market value on the date of grant and have a term not to exceed ten years. The stock options generally vest over a four-year period with one forty-eighth of the shares vesting each month or over a four-year period with 25% vesting at the one-year cliff and monthly thereafter. The RSUs generally vest over a period of three years with one-twelfth of the shares vesting quarterly.

On January 1, 2024, 4,243,984 shares were automatically added to the shares reserved for issuance under the 2019 Plan in accordance with the terms of the 2019 Plan. As of December 31, 2024, the Company had reserved 24,364,669 shares of common stock under the 2019 Plan, of which 6,781,827 shares were available for issuance of future awards.

On January 1, 2022, the Company adopted the 2022 Inducement Plan (Inducement Plan) and reserved 1,630,000 shares for issuance under the Inducement Plan for the grant of equity-based awards to individuals who were not previously employees or non-employee directors of the Company. On September 22, 2022, the Company increased the number of shares available for issuance under the 2022 Inducement Plan to a total of 3,300,000 shares. As of December 31, 2024, 1,547,349 shares were available for issuance of future awards under the Inducement Plan.

Option activity is shown below:

	Number of Options	Weighted Average Exercise Price Per Share	Weighted Average Remaining Contractual Term (In years)	Aggregate Intrinsic Value (In thousands)
Outstanding as of December 31, 2022	13,713,272	\$ 14.62		
Granted	572,538	6.98		
Exercised	(132,192)	8.16		
Forfeited	(2,057,381)	14.21		
Outstanding as of December 31, 2023	12,096,237	14.40		
Granted	38,840	6.20		
Exercised	—	—		
Forfeited	(1,411,396)	15.41		
Outstanding as of December 31, 2024	10,723,681	\$ 14.24	5.7	\$ —
Exercisable as of December 31, 2024	9,085,867	\$ 14.50	5.4	\$ —
Vested and expected to vest as of December 31, 2024	10,723,681	\$ 14.24	5.7	\$ —

For each in-the-money stock option, the aggregate intrinsic value is calculated as the number of shares underlying the stock option multiplied by the difference between the per share exercise price of the stock option and the fair market value of the Company's common stock on the relevant date. The aggregate intrinsic value of options exercised was zero, less than \$0.1 million, and \$1.2 million for the years ended December 31, 2024, 2023, and 2022, respectively. The weighted-average grant-date fair value per share of options granted was \$4.45, \$4.93, and \$8.42, for the years ended December 31, 2024, 2023, and 2022, respectively. As of December 31, 2024, total unrecognized stock-based compensation related to unvested stock options was \$13.8 million, which the Company expects to recognize over a remaining weighted-average period of 1.5 years.

Restricted Stock Unit Activity

Activity for the RSUs is shown below. In May 2021 and January 2022, the Company issued RSUs with market conditions to certain executives, which are also included in the table below. The RSUs with market conditions are earned based on stock price performance and continued service by the employee. The RSUs with market conditions trigger vesting upon the Company's stock price attaining a specified level over a specified period of time. The shares then vest quarterly over one year after attainment. The Company used a Monte Carlo simulation model to determine the fair value of the awards at the grant date. The Monte Carlo model uses the fair value inputs on the grant date to run simulations and take an average of possible outcomes. The total grant date fair value of the RSUs with market condition was \$6.6 million to be amortized over an estimated weighted average service period of 2.1 years. Compensation expense related to awards with market-based conditions is recognized regardless of whether the market condition is ultimately satisfied if the related service has been provided.

	Number of Shares	Weighted Average Grant Date Fair Value per Share
Unvested restricted stock units as of December 31, 2022	3,044,618	\$ 11.68
Granted	5,142,444	6.62
Vested	(1,584,448)	10.41
Forfeited	(510,513)	10.03
Unvested restricted stock units as of December 31, 2023	6,092,101	7.78
Granted	5,905,124	4.69
Vested	(3,001,132)	7.48
Forfeited	(631,030)	7.06
Unvested restricted stock units as of December 31, 2024	8,365,063	\$ 5.76

As of December 31, 2024, total unrecognized stock-based compensation related to unvested RSUs issued to employees was \$42.2 million, which the Company expects to recognize over a remaining weighted-average period of 2.2 years.

2019 Employee Stock Purchase Plan

The 2019 Employee Stock Purchase Plan (2019 ESPP) enables eligible employees of the Company to purchase shares of common stock at a discount. Each offering period is approximately six months long beginning on the first trading day on or after June 1 and December 1 each year. ESPP participants purchase shares of common stock at a price per share equal to 85% of the lesser of (1) the fair market value per share of the common stock on the first trading day of the offering period or (2) the fair market value of the common stock on the purchase date. On January 1, 2024, 591,397 shares were added to the shares reserved for issuance under the 2019 ESPP pursuant to the annual automatic increase. As of December 31, 2024, there was \$0.1 million in unrecognized compensation expense related to the 2019 ESPP expected to be recognized over five months.

9. Income Taxes

The federal and state income tax provision for the year ended December 31, 2024, 2023 and 2022 are summarized as follows (in thousands):

	Year Ended December 31,		
	2024	2023	2022
Current:			
Federal	\$ —	\$ 4,178	\$ 2,209
State	128	1,034	1,045
Income tax provision	<u>\$ 128</u>	<u>\$ 5,212</u>	<u>\$ 3,254</u>

A reconciliation of the federal statutory rate to the Company's effective tax rate is as follows for the years ended December 31, 2024, 2023, and 2022 (in thousands):

	Year Ended December 31,		
	2024	2023	2022
Tax benefit at federal statutory rate	\$ (24,979)	\$ (26,188)	\$ (27,205)
State income taxes	(1,680)	(431)	(344)
Tax credits, net of uncertain tax positions	(8,182)	(14,460)	(15,138)
Uncertain tax positions	179	612	2,687
Stock-based compensation	5,372	4,842	4,919
Change in valuation allowance	28,846	40,661	38,421
Other	572	176	(86)
Income tax provision	<u>\$ 128</u>	<u>\$ 5,212</u>	<u>\$ 3,254</u>

The tax effects of temporary differences that give rise to significant components of the Company's deferred tax assets and liabilities consist of (in thousands):

	December 31,	
	2024	2023
Deferred tax assets:		
Net operating loss	\$ 36,843	\$ 12,448
Accrued bonus	2,465	931
Tax credits	34,373	26,682
Stock-based compensation	15,456	15,311
Deferred revenue	46,085	63,004
Lease liability	7,796	9,030
Section 174 R&D capitalization	81,291	62,305
Refund liability	13,628	24,707
Other	1,619	521
Gross deferred tax assets	239,556	214,939
Less valuation allowance	(231,296)	(204,550)
Total deferred tax assets	<u>\$ 8,260</u>	<u>\$ 10,389</u>
Deferred tax liabilities:		
Depreciation and amortization	\$ (3,565)	\$ (4,544)
Right-of-use assets	(4,695)	(5,845)
Gross deferred tax liabilities	(8,260)	(10,389)
Deferred tax assets, net	<u>\$ —</u>	<u>\$ —</u>

In assessing the realization of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred assets will be realized. The ultimate realization of the deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. Evaluating the need for a valuation allowance for deferred tax assets often requires judgment and analysis of all the positive and negative evidence available, including cumulative losses in recent years and projected future taxable income, to determine whether all or some portion of the deferred tax assets will not be realized. As of December 31, 2024, the Company has utilized a full valuation allowance to offset the net deferred tax assets as the Company believes it is not more likely than not that the net deferred tax assets will be fully realizable. The valuation allowance for deferred tax assets increased by \$26.7 million during the year ended December 31, 2024.

As of December 31, 2024, the Company had federal and state net operating loss (NOL) carryforwards of approximately \$109.2 million and \$223.5 million, respectively. Federal NOL carryforwards have an indefinite life and deductions cannot exceed 80% of taxable income. State NOL carryforwards will begin to expire as

early as 2030, if not utilized, or have an indefinite life. As of December 31, 2024, the Company also had federal and California tax credit carryforward of approximately \$34.9 million and \$22.4 million, respectively. The federal tax credits will begin to expire in 2041 while the California tax credits have no expiration date.

Generally, utilization of the NOL carryforwards and credits may be subject to an annual limitation due to the ownership change limitations provided by Section 382, which provides for limitations on NOL carryforwards and certain built-in losses following ownership changes, and Section 383, which provides for special limitations on certain excess credits, etc., of the Code, and similar state provisions. Accordingly, the Company's ability to utilize NOL carryforwards may be limited as the result of such an "ownership change." The carryforwards could be subject to an annual limitation, resulting in a reduction in the gross deferred tax assets before considering the valuation allowance. Further, a portion of the carryforwards may expire before being applied to reduce future earnings. The Company is not aware of any changes in ownership that would result in material limitations under Section 382 at this time.

The following table summarizes the activity related to the Company's unrecognized tax benefits for the years ended December 31, 2024, 2023, and 2022 (in thousands):

Balance as of December 31, 2022	\$	15,138
Decreases related to tax positions taken during the prior year		(594)
Increase related to tax positions taken during the prior year	\$	2,588
Increases related to tax positions taken during the current year		3,072
Balance as of December 31, 2023		20,204
Increase related to tax positions taken during the prior year		11
Increases related to tax positions taken during the current year		2,710
Balance as of December 31, 2024	\$	<u>22,925</u>

If the unrecognized tax benefits for uncertain tax positions as of December 31, 2024, is recognized, there will be no impact to the effective tax rate as the tax benefit would increase the net deferred tax assets, which is currently offset with a full valuation allowance. The Company's policy is to include interest and penalties related to unrecognized tax benefits, if any, within the provision for taxes in the consolidated statements of operations. The Company accrued interest and penalties of \$0.2 million for the year ended December 31, 2024 and of \$0.2 million for the year ended December 31, 2023. The Company does not have any tax positions for which it is reasonably possible that the total amount of gross unrecognized tax benefits will significantly change within 12 months of December 31, 2024.

The Company recognizes the tax benefit of an uncertain tax position only if it is more likely than not that the position is sustainable upon examination by the taxing authority, based on the technical merits. During the years ended December 31, 2024 and 2023, the Company recorded an uncertain tax position of \$2.7 million and \$5.1 million, respectively. The income tax provision for the years ended December 31, 2024 included changes to reserves related to prior year uncertain tax provisions of an increase of less than \$0.1 million and decrease of zero. The income tax provision for the years ended December 31, 2023, included changes to reserves related to prior year uncertain tax provisions of an increase of \$2.6 million and decrease of \$0.6 million. The Company's income tax returns generally remain subject to examination by federal and most state tax authorities. The Company is currently not subject to any income tax audits by federal or state taxing authorities. The statute of limitations for tax liabilities for all years remains open.

10. Debt

On November 14, 2024 (the Closing Date), the Company entered into a loan and security agreement (the Loan Agreement) with its subsidiary Alector LLC as a co-borrower (together with the Company), several banks and other financial institutions from time to time party thereto (collectively, the Lenders) and Hercules Capital,

Inc., as administrative agent and collateral agent. The Loan Agreement provides for a senior secured term loan facility in an aggregate principal amount of up to \$50.0 million, available in up to two tranches (the Term Loans). The initial tranche of Term Loans in an aggregate principal amount of up to \$25.0 million is available through June 30, 2026, subject to the satisfaction of applicable conditions set forth in the Loan Agreement. The second tranche of Term Loans in an aggregate principal amount of up to \$25.0 million is available at the sole discretion of the Lenders.

Borrowings under the Loan Agreement accrue interest at a rate equal to the greater of (A) the prime rate plus 1.05% and (B) 8.05%. The Term Loans are repayable in monthly interest-only payments until December 1, 2026 (the Interest-Only Payment Period). The Interest-Only Payment Period may be extended by up to twenty-four (24) months, subject to the achievement by the Company of certain milestones as set forth in the Loan Agreement. After the expiration of the Interest-Only Payment Period, the Term Loans are repayable in equal monthly payments of principal and accrued interest until maturity. The Term Loans will mature on December 1, 2028 (the Maturity Date). At the Company's option, the Company may prepay all or a portion of the outstanding Term Loans, subject to a prepayment premium equal to (a) 2.0% of the Term Loans being prepaid if the prepayment occurs during the 12 months following the Closing Date; (b) 1.5% of the Term Loans being prepaid if the prepayment occurs after the 12 month anniversary of the Closing Date but on or prior to the 24 month anniversary of the Closing Date; and (c) 0.5% of the Term Loans being prepaid if the prepayment occurs after 24 months following the Closing Date and prior to the Maturity Date. In addition, the Company will pay an end of term charge of (i) 2.45% if the Term Loans are prepaid or repaid within the first 24 months of the Closing Date; or (ii) 4.75% if the Term Loans are prepaid or repaid after 24 months from the Closing Date (including on the Maturity Date). The Company paid an initial facility charge of \$250,000 on the Closing Date, and thereafter, the Company will pay a facility charge of 1.00% upon any draw of the Term Loans under the second tranche. The Company's obligations under the Loan Agreement are secured by substantially all of the Company's assets, including intellectual property, subject to certain exceptions, including exceptions with respect to assets and intellectual property subject to the Company's existing agreements with each of Adimab LLC and Glaxo Wellcome UK Limited, and previously subject to the agreement with AbbVie Biotechnology, Ltd.

The Loan Agreement contains customary affirmative and negative covenants, including covenants limiting the ability of the Company and their subsidiaries to, among other things, dispose of assets, enter into certain licensing arrangements, effect certain mergers, incur debt, grant liens, pay dividends and distributions on their capital stock, make investments and acquisitions, and enter into transactions with affiliates, in each case subject to customary exceptions for a loan facility of this size and type. The Loan Agreement also includes customary events of default, including, among others, payment defaults, material misrepresentations, breaches of covenants following any applicable cure period, cross defaults with certain other indebtedness or material agreements, bankruptcy and insolvency events, judgment defaults and the occurrence of certain events that could reasonably be expected to have a "material adverse effect." The occurrence of an event of default could result in the acceleration of the Company's obligations under the Loan Agreement, the termination of the Lenders' commitments, a 5% increase in the applicable rate of interest and the exercise by Agent of other rights and remedies provided for under the Loan Agreement.

On November 14, 2024, the Company drew down \$10 million from the initial tranche and received proceeds of approximately \$9.6 million after charges payable to Hercules Capital. The Company incurred \$0.4 million in debt issuance costs in relation to the initial draw. As of December 31, 2024, the face value of the outstanding balance of the Term Loan was \$10 million, less unamortized discount and unaccreted value of the End of Term Charge of \$0.6 million based on the imputed interest rate of 12.2%. The fair value of the Term Loan as of December 31, 2024 is a Level 3 measurement considered to approximate its carrying value of \$9.4 million due to the short period of time since the Term Loan was entered into and the interest rates upon which the terms of the Term Loan were based, notably the Prime Rate, have not changed significantly since the Term Loan was drawn.

The aggregate maturity of the term loan for the next four years from December 31, 2024 is as follows:

	Maturity
2025	\$ —
2026	365,914
2027	4,596,616
2028	5,037,470
Total Principal repayments	\$ 10,000,000

11. Net Loss Per Share

The following outstanding potentially dilutive shares have been excluded from the calculation of diluted net loss per share for the periods presented due to their anti-dilutive effect:

	2024	Year Ended December 31, 2023	2022
Restricted stock subject to future vesting	8,365,063	6,092,101	3,044,618
Options to purchase common stock	10,723,681	12,096,237	13,713,272
Shares committed under 2019 ESPP	146,316	160,356	167,133
Total	<u>19,235,060</u>	<u>18,348,694</u>	<u>16,925,023</u>

12. Restructuring

On March 28, 2023, the Company committed to a plan to reduce its workforce by approximately 11% to better align the Company's resources with its previously announced strategic prioritization of its late-stage progranulin and TREM2 immuno-neurology programs. The Company initiated a reduction in force impacting approximately 30 employees across the organization effective March 29, 2023. For the year ended December 31, 2023, the Company incurred restructuring costs of approximately \$1.7 million, primarily consisting of one-time charges related to the reduction in force, including personnel expenses such as salaries, one-time severance payments, and other benefits, which were included in operating expenses. All cash payments related to these expenses were paid out by early 2024.

On November 25, 2024, the Company committed to a plan to reduce its workforce by approximately 17% in order to align resources with the Company's strategic priorities. Based upon the results of the Company's INVOKE-2 Phase 2 clinical trial evaluating the safety and efficacy of AL002 in early Alzheimer's disease, the Company is stopping the long term extension of the INVOKE-2 study. The Company initiated a reduction in force impacting approximately 41 employees across the organization. For the year ended December 31, 2024, the Company expects to incur restructuring costs of approximately \$3.9 million, primarily consisting of one-time charges related to the reduction in force, including personnel expenses such as salaries, one-time severance payments, and other benefits, which were included in operating expenses. Cash payments related to these expenses will be paid out and the reduction in force is expected to be completed during the first half of 2025. Accrued liabilities associated with restructuring costs were \$3.9 million as of December 31, 2024.

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

None.

Item 9A. Controls and Procedures.**Conclusions Regarding the Effectiveness of Disclosure Controls and Procedures**

As of December 31, 2024, management, with the participation of our Principal Executive Officer and Principal Financial and Accounting Officer, performed an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures as defined in Rules 13a-15(e) and 15d-15(e) of the Exchange Act. Our disclosure controls and procedures are designed to ensure that information required to be disclosed in the reports 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, and that such information is accumulated and communicated to our management, including the Principal Executive Officer and the Principal Financial and Accounting Officer, to allow timely decisions regarding required disclosures. Any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objective and management necessarily applies its judgment in evaluating the cost-benefit relationship of possible controls and procedures. Based on this evaluation, our Principal Executive Officer and Principal Financial and Accounting Officer concluded that, as of December 31, 2024, the design and operation of our disclosure controls and procedures were effective at a reasonable assurance level.

Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting during the quarter ended December 31, 2024, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Management's Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting (as defined in Rule 13a-15(f) under the Exchange Act) to provide reasonable assurance regarding the reliability of our financial reporting and the preparation of consolidated financial statements for external purposes in accordance with generally accepted accounting principles. Under the supervision of and with the participation of our principal executive officer and principal financial officer, our management assessed the effectiveness of our internal control over financial reporting as of December 31, 2024 based on the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission in "Internal Control—Integrated Framework" (2013). Based on this assessment, management concluded that our internal control over financial reporting was effective as of December 31, 2024.

The effectiveness of our internal control over financial reporting as of December 31, 2024 has been audited by Ernst & Young LLP, an independent registered public accounting firm, as stated in their report which is included herein.

Report of Independent Registered Public Accounting Firm

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

Opinion on Internal Control Over Financial Reporting

We have audited Alector, Inc.'s internal control over financial reporting as of December 31, 2024, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the COSO criteria). In our opinion, Alector, Inc. (the Company) maintained, in all material respects, effective internal control over financial reporting as of December 31, 2024, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheets of the Company as of December 31, 2024 and 2023, the related consolidated statements of operations and comprehensive loss, stockholders' equity and cash flows for each of the three years in the period ended December 31, 2024, and the related notes, and our report dated February 26, 2025 expressed an unqualified opinion thereon.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects.

Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

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

/s/ Ernst & Young LLP

San Mateo, California
February 26, 2025

Item 9B. Other Information.

(a) None.

(b) During our last fiscal quarter, no director or officer, as defined in Rule 16a-1(f), adopted or terminated a "Rule 10b5-1 trading arrangement" or a "non-Rule 10b5-1 trading arrangement," each as defined in Regulation S-K Item 408.

Item 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections.

Not applicable.

PART III

Item 10. Directors, Executive Officers and Corporate Governance.

Information required by this item will be contained in our definitive proxy statement on Schedule 14A for the 2024 Annual Meeting of Stockholders (the Proxy Statement) in connection with the Proxy Statement to be filed with the SEC within 120 days of December 31, 2024, and is incorporated herein by reference.

Our board of directors has adopted a Code of Business Conduct and Ethics applicable to all officers, directors, and employees, which is available on our website (<https://investors.alector.com/corporate-governance/governance-overview>) under “Governance Documents.” We intend to satisfy the disclosure requirement under Item 5.05 of Form 8-K regarding amendment to, or waiver from, a provision of our Code of Business Conduct and Ethics by posting such information on the website address and location specified above.

Our board of directors has adopted an Insider Trading Policy that governs the purchase, sale and other dispositions of our securities by our directors, officers, employees, which is filed as [Exhibit 19](#) to this Annual Report on Form 10-K.

Item 11. Executive Compensation.

Information required by this item will be contained in the Proxy Statement to be filed with the SEC within 120 days of December 31, 2024, and is incorporated herein by reference.

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

Information required by this item will be contained in the Proxy Statement to be filed with the SEC within 120 days of December 31, 2024, and is incorporated herein by reference.

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

Information required by this item will be contained in the Proxy Statement to be filed with the SEC within 120 days of December 31, 2024, and is incorporated herein by reference.

Item 14. Principal Accounting Fees and Services.

Information required by this item will be contained in the Proxy Statement to be filed with the SEC within 120 days of December 31, 2024, and is incorporated herein by reference.

PART IV

Item 15. Exhibits, Financial Statement Schedules.

(a) The following documents are filed as part of this report:

(1) Financial Statements

The consolidated financial statements of Alector, Inc. are filed as part of this report on Form 10-K under Item 8. Financial Statements and Supplementary Data.

(2) Financial Statement Schedules

All other schedules have been omitted because they are not required, not inapplicable, or the required information is included in the consolidated financial statements or notes thereto.

(3) Exhibits

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

Item 16. Form 10-K Summary

None.

Exhibit Index

Number	Exhibit Title	Incorporated by Reference				Filed Herewith
		Form	File No.	Exhibit	Filing Date	
3.1	Amended and Restated Certificate of Incorporation of the Registrant.	8-K	001-38792	3.1	2/11/2019	
3.2	Amended and Restated Bylaws of the Registrant.	8-K	001-38792	3.1	6/15/2023	
4.2	Specimen common stock certificate of the Registrant	S-1	333-229152	4.2	1/7/2019	
4.3	Description of securities of the Registrant.					X
10.1+	Form of Indemnification Agreement between the Registrant and each of its directors and executive officers.	S-1	333-229152	10.1	1/7/2019	
10.2+	2017 Stock Option and Grant Plan as amended and forms of agreement thereunder.	S-1	333-229152	10.2	1/7/2019	
10.3+	2019 Equity Incentive Plan and forms of agreements thereunder.	10-K	001-38792	10.3	2/27/2024	
10.4+	2019 Employee Stock Purchase Plan and form of agreement thereunder.	10-K	001-38792	10.4	2/27/2024	
10.5+	2022 Inducement Equity Incentive Plan, as amended, and forms of agreement thereunder.	8-K	333-229152	10.1	1/3/2022	
10.6+	Confirmatory Offer Letter between the Registrant and Arnon Rosenthal, Ph.D.	S-1/A	333-229152	10.5	1/29/2019	
10.7+	Offer Letter dated November 30, 2021 by and between Alector, LLC and Saraswati (Sara) Kenkare-Mitra, Ph.D.	10-K	001-38792	10.18	2/24/2022	

10-8+	Offer Letter dated February 4, 2022 by and between Alector, LLC and Marc Grasso, M.D.	10-K	001-38792	10.19	2/24/2022	
10.9+	Offer Letter dated January 31, 2022 by and between Alector, LLC and Gary Romano, M.D., Ph.D.	8-K	001-38792	10.1	3/29/2022	
10.10+	Executive Incentive Compensation Plan.	S-1	333-229152	10.10	1/7/2019	
10.11+	Outside Director Compensation Policy.	10-Q	001-38792	10.2	5/8/2024	
10.12+	Form of Change in Control and Severance Agreement between the Registrant and certain of its executive officers.	S-1	333-229152	10.12	1/7/2019	
10.13	Lease between the Registrant and HCP Oyster Point III, LLC, dated June 27, 2018.	S-1	333-229152	10.14	1/7/2019	
10.14#	Third Amended and Restated Collaboration Agreement between the Registrant and Adimab, dated September 19, 2016, as amended.	S-1	333-229152	10.15	1/7/2019	
10.15#	Co-Development and Option Agreement between the Registrant and AbbVie Biotechnology, Ltd., dated October 16, 2017.	S-1	333-229152	10.16	1/7/2019	
10.16#	Collaboration and License Agreement, dated July 1, 2021, by and between Glaxo Wellcome UK Limited and Alector, Inc.	10-Q	001-38792	10.19	8/3/2021	
10.17#	Letter Agreement Amending the 2021 Collaboration and License Agreement between the Registrant and Glaxo Wellcome UK Ltd. dated May 19, 2023.	10-Q	001-38792	10.1	8/3/2023	
10.18#	Amendment Number One to Co-Development and Option Agreement between the Registrant and AbbVie Biotechnology Ltd., effective February 13, 2023.	10-Q	001-38792	10.1	5/4/2023	
10.19Δ	Sales Agreement, dated November 7, 2023, by and between Alector, Inc., and Cowen and Company, LLC.	8-K	001-38792	1.1	11/7/2023	
10.20#	Letter Agreement Amending the 2021 Collaboration and License Agreement between the Registrant and Glaxo Wellcome UK Ltd. dated March 11, 2024.	10-Q	001-38792	10.1	5/8/2024	
10.21#	Loan and Security Agreement, dated as of November 14, 2024, among the Registrant and Alector LLC, as co-borrowers, the banks and financial institutions from time to time party thereto, and Hercules Capital, Inc., as administrative agent and collateral agent					X
10.22#	First Amendment to Loan and Security Agreement, dated December 12, 2024, by and among Alector Inc., Alector LLC, certain banks and other financial institutions, and Hercules Capital, Inc., as administrative agent and collateral agent					X
19	Alector Inc. Insider Trading Policy					X
21.1	List of subsidiaries of Registrant.					X

23.1	Consent of Independent Registered Public Accounting Firm.					X
24.1	Power of Attorney (included on the signature page to this Annual Report on Form 10-K).					X
31.1	Certification of Principal Executive Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.					X
31.2	Certification of Principal Financial Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.					X
32.1*	Certification of Principal Executive Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.					X
32.2*	Certification of Principal Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.					X
97Δ	Compensation Recovery Policy	10-K	001-38792	97	2/27/2024	
101.INS	Inline XBRL Instance Document					X
101.SCH	Inline XBRL Taxonomy Extension Schema With Embedded Linkbase Documents					X
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)					

+ Indicates management contract or compensatory plan.

Portions of this exhibit (indicated by asterisks) have been omitted in accordance with the rules of the Securities and Exchange Commission.

Δ Certain schedules and exhibits to this exhibit have been omitted pursuant to Item 601(a)(5) of Regulation S-K. A copy of any omitted exhibit or schedule will be furnished to the SEC or its staff upon request.

* The certifications attached as Exhibits 32.1 and 32.2 that accompany this Annual Report on Form 10-K are not deemed filed with the Securities and Exchange Commission and are not to be incorporated by reference into any filing of the Registrant under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, whether made before or after the date of this Annual Report on Form 10-K, irrespective of any general incorporation language contained in such filing.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended, the Registrant has duly caused this Report to be signed on its behalf by the undersigned, thereunto duly authorized.

ALECTOR, INC.

Date: February 26, 2025

By: /s/ Arnon Rosenthal
Arnon Rosenthal, Ph.D.
Co-founder and Chief Executive Officer

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Arnon Rosenthal, Ph.D., Sara Kenkare-Mitra, Ph.D., and Marc Grasso, M.D. as his or her true and lawful attorneys-in-fact and agents, with full power of substitution and substitution, for him or her and in his or her name, place, and stead, in any and all capacities (including his capacity as a director and/or officer of Alector, Inc.) to sign any or all amendments to this Annual Report on Form 10-K, and to file the same, with all exhibits thereto, and all other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully to all intents and purposes as they, he or she might or could do in person, hereby ratifying and confirming all that said attorney-in-fact and agents or any of them, or their, his, or her substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

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

<u>Signature</u>	<u>Title</u>	<u>Date</u>
<u>/s/ Arnon Rosenthal</u> Arnon Rosenthal, Ph.D.	Co-founder, Chief Executive Officer, and Director (Principal Executive Officer)	February 26, 2025
<u>/s/ Marc Grasso</u> Marc Grasso, M.D.	Chief Financial Officer (Principal Financial and Accounting Officer)	February 26, 2025
<u>/s/ Lou J. Lavigne, Jr.</u> Louis J. Lavigne, Jr.	Chairperson of the Board	February 26, 2025
<u>/s/ Elizabeth Garofalo</u> Elizabeth Garofalo, M.D.	Director	February 26, 2025
<u>/s/ Paula Hammond</u> Paula Hammond, Ph.D.	Director	February 26, 2025
<u>/s/ Mark Altmeyer</u> Mark Altmeyer	Director	February 26, 2025
<u>/s/ Richard Scheller</u> Richard Scheller, Ph.D.	Director	February 26, 2025

<u>/s/ David Wehner</u> David Wehner	Director	February 26, 2025
<u>/s/ Kristine Yaffe</u> Kristine Yaffe, M.D.	Director	February 26, 2025
<u>/s/ Errol De Souza</u> Errol De Souza, Ph.D.	Director	February 26, 2025

**DESCRIPTION OF ALECTOR, INC.'S SECURITIES
REGISTERED PURSUANT TO SECTION 12 OF THE
SECURITIES EXCHANGE ACT OF 1934**

We have one class of securities registered under Section 12 of the Securities Exchange Act of 1934, as amended, or the Exchange Act: common stock, par value \$0.0001 per share. Unless the context otherwise requires, all references to “we”, “us”, “our”, the “Company”, or “Alector” in this Exhibit 4.3 refer to Alector, Inc.

DESCRIPTION OF CAPITAL STOCK

The following description summarizes certain important terms of our capital stock, as well as certain provisions of our amended and restated certificate of incorporation and amended and restated bylaws. This summary does not purport to be complete and is qualified in its entirety by the provisions of our amended and restated certificate of incorporation and amended and restated bylaws, copies of which have been filed as exhibits to this Annual Report on Form 10-K, as well as by the applicable provisions of the Delaware General Corporation Law.

Authorized Capital Stock

Our authorized capital stock consists of 200,000,000 shares of common stock, par value \$0.0001 per share, and 20,000,000 shares of convertible preferred stock, par value \$0.0001 per share. All of our outstanding shares of common stock are fully paid and non-assessable.

Common Stock

Our common stock is listed on the Nasdaq Global Select Market (“Nasdaq”) under the symbol “ALEC.” The transfer agent and registrar for our common stock is Equiniti Trust Company, LLC. The transfer agent and registrar’s address is 48 Wall Street, Floor 23, New York, NY 10005.

Voting Rights

Each holder of common stock is entitled to one vote for each share on all matters submitted to a vote of the stockholders, including the election of directors. Our certificate of incorporation and bylaws do not provide for cumulative voting rights. Because of this, the holders of a plurality of the shares of common stock entitled to vote in any election of directors can elect all of the directors standing for election, if they should so choose. With respect to matters other than the election of directors, at any meeting of the stockholders at which a quorum is present or represented, the affirmative vote of a majority of the voting power of the shares present in person or represented by proxy at such meeting and entitled to vote on the subject matter shall be the act of the stockholders, except as otherwise required by law. The holders of a majority of the stock issued and outstanding and entitled to vote, present in person, or represented by proxy, shall constitute a quorum for the transaction of business at all meetings of the stockholders.

Dividends

Subject to preferences that may be applicable to any then-outstanding convertible preferred stock, holders of our common stock are entitled to receive dividends, if any, as may be declared from time to time by our board of directors out of legally available funds. In addition, the payment of dividends on our common stock may be restricted by the provisions of our existing debt agreements or other financing documents that we may enter into or the terms of securities that we may issue from time to time.

Liquidation

In the event of our liquidation, dissolution, or winding up, holders of our common stock will be entitled to share ratably in the net assets legally available for distribution to stockholders after the payment of all of our debts and other liabilities and the satisfaction of any liquidation preference granted to the holders of any then-outstanding shares of convertible preferred stock.

Rights and Preferences

Holders of our common stock have no preemptive, conversion, subscription, or other rights, and there are no redemption or sinking fund provisions applicable to our common stock. The rights, preferences, and privileges of the holders of our common stock are subject to and may be adversely affected by the rights of the holders of shares of any series of our convertible preferred stock that we may designate in the future.

Preferred Stock

Our board of directors has the authority, without further action by the stockholders, to issue up to 20,000,000 shares of preferred stock in one or more series and to fix the rights, preferences, privileges, and restrictions thereof. These rights, preferences, and privileges could include dividend rights, conversion rights, voting rights, redemption rights, liquidation preferences, sinking fund terms, and the number of shares constituting any series or the designation of such series, any or all of which may be greater than the rights of common stock. The issuance of preferred stock could adversely affect the voting power of holders of common stock and the likelihood that such holders will receive dividend payments and payments upon liquidation. In addition, the issuance of preferred stock could have the effect of delaying, deferring, or preventing change in our control or other corporate action.

Anti-Takeover Effects of Certain Provisions of Delaware Law, Our Amended and Restated Certificate of Incorporation and Our Amended and Restated Bylaws

Certain provisions of Delaware law and certain provisions that are included in our amended and restated certificate of incorporation and amended and restated bylaws summarized below may be deemed to have an anti-takeover effect and may delay, deter, or prevent a tender offer or takeover attempt that a stockholder might consider to be in its best interests, including attempts that might result in a premium being paid over the market price for the shares held by stockholders.

Preferred Stock

Our amended and restated certificate of incorporation contains provisions that permit our board of directors to issue, without any further vote or action by the stockholders, shares of preferred stock in one or more series and, with respect to each such series, to fix the number of shares constituting the series and the designation of the series, the voting rights (if any) of the shares of the series and the powers, preferences, or relative, participation, optional, and other special rights, if any, and any qualifications, limitations, or restrictions, of the shares of such series.

Classified Board of Directors

Our amended and restated certificate of incorporation provides that our board of directors is divided into three classes, designated Class I, Class II, and Class III. Each class is an equal number of directors, as nearly as possible, consisting of one-third of the total number of directors constituting the entire board of directors. The term of initial Class I directors shall terminate on the date of the 2022 annual meeting, the term of the initial Class II directors shall terminate on the date of the 2020 annual meeting, and the term of the initial Class III directors shall terminate on the date of the 2021 annual meeting. At each annual meeting of

stockholders, successors to the class of directors whose term expires at that annual meeting will be elected for a three-year term.

Removal of Directors

Our amended and restated certificate of incorporation provides that stockholders may only remove a director for cause by a vote of no less than a majority of the shares present in person or by proxy at the meeting and entitled to vote.

Director Vacancies

Our amended and restated certificate of incorporation authorizes only our board of directors to fill vacant directorships.

No Cumulative Voting

Our amended and restated certificate of incorporation provides that stockholders do not have the right to cumulate votes in the election of directors.

Special Meetings of Stockholders

Our amended and restated certificate of incorporation and amended and restated bylaws provides that, except as otherwise required by law, special meetings of the stockholders may be called only by the Chairperson of our board of directors, the Chief Executive Officer, the President, or our board of directors acting pursuant to a resolution adopted by a majority of the board of directors.

Advance Notice Procedures for Director Nominations

Our bylaws provide that stockholders seeking to nominate candidates for election as directors at an annual or special meeting of stockholders must provide timely notice thereof in writing. To be timely, a stockholder's notice generally will have to be delivered to and received at our principal executive offices before notice of the meeting is issued by the secretary of the company, with such notice being served not less than 90 nor more than 120 days before the meeting. Although the amended and restated bylaws do not give the board of directors the power to approve or disapprove stockholder nominations of candidates to be elected at an annual meeting, the amended and restated bylaws may have the effect of precluding the conduct of certain business at a meeting if the proper procedures are not followed or may discourage or deter a potential acquirer from conducting a solicitation of proxies to elect its own slate of directors or otherwise attempting to obtain control of the company.

Action by Written Consent

Our amended and restated certificate of incorporation and amended and restated bylaws provide that any action to be taken by the stockholders must be effected at a duly called annual or special meeting of stockholders and may not be effected by written consent.

Amending our Certificate of Incorporation and Bylaws

Our amended and restated certificate of incorporation may be amended or altered in any manner provided by the Delaware General Corporation Law ("DGCL"). Our amended and restated bylaws may be adopted, amended, altered, or repealed by stockholders only upon approval of at least majority of the voting power of all the then outstanding shares of the common stock, except for any amendment of certain provisions set forth in the bylaws, which would require the approval of a two-thirds majority of our then outstanding

common stock. Additionally, our amended and restated certificate of incorporation provides that our bylaws may be amended, altered, or repealed by the board of directors.

Authorized but Unissued Shares

Our authorized but unissued shares of common stock and preferred stock are available for future issuances without stockholder approval, except as required by the listing standards of Nasdaq, and could be utilized for a variety of corporate purposes, including future offerings to raise additional capital, acquisitions and employee benefit plans. The existence of authorized but unissued and unreserved common stock and preferred stock could render more difficult or discourage an attempt to obtain control of the company by means of a proxy contest, tender offer, merger, or otherwise.

Exclusive Jurisdiction

Our amended and restated bylaws provide that, unless we consent to the selection of an alternative forum, the Court of Chancery of the State of Delaware, or if the Court of Chancery does not have jurisdiction, another state court in Delaware or the federal district court for the District of Delaware, is the exclusive forum for (i) any derivative action or proceeding brought on behalf of us, (ii) any action asserting a claim of breach of a fiduciary duty owed by any director, officer, or other employee to the us or our stockholders, (iii) any action arising pursuant to any provision of the DGCL or our certificate of incorporation or bylaws (as either may be amended from time to time), or (iv) any action asserting a claim governed by the internal affairs doctrine, except, in each case, (A) any claim as to which such court determines that there is an indispensable party not subject to the jurisdiction of such court (and the indispensable party does not consent to the personal jurisdiction of such court within 10 days following such determination), (B) which is vested in the exclusive jurisdiction of a court or forum other than such court, or (C) for which such court does not have subject matter jurisdiction. Additionally, unless we consent to the selection of an alternative forum, the federal district courts of the United States of America shall be the sole and exclusive forum for the resolution of any complaint asserting a cause of action arising under the Securities Act of 1933, as amended, against any person in connection with any offering of our securities, including, without limitation and for the avoidance of doubt, any auditor, underwriter, expert, control person or other defendant. Although our amended and restated bylaws contain the exclusive of forum provisions described above, it is possible that a court could find that such provision is inapplicable for a particular claim or action or that such provision is unenforceable, and our stockholders will not be deemed to have waived our compliance with the federal securities laws and the rules and regulations thereunder.

Business Combinations with Interested Stockholders

We are governed by Section 203 of the DGCL. Subject to certain exceptions, Section 203 of the DGCL prohibits a public Delaware corporation from engaging in a business combination (as defined in such section) with an “interested stockholder” (defined generally as any person who beneficially owns 15% or more of the outstanding voting stock of such corporation or any person affiliated with such person) for a period of three years following the time that such stockholder became an interested stockholder, unless (i) prior to such time the board of directors of such corporation approved either the business combination or the transaction that resulted in the stockholder becoming an interested stockholder; (ii) upon consummation of the transaction that resulted in the stockholder becoming an interested stockholder, the interested stockholder owned at least 85% of the voting stock of such corporation at the time the transaction commenced (excluding for purposes of determining the voting stock of such corporation outstanding (but not the outstanding voting stock owned by the interested stockholder) those shares owned (A) by persons who are directors and also officers of such corporation and (B) by employee stock plans in which employee participants do not have the right to determine confidentially whether shares held subject to the plan will be tendered in a tender or exchange offer); or (iii) at or subsequent to such time the business combination is approved by the board of directors of such corporation and authorized at a meeting of stockholders (and

not by written consent) by the affirmative vote of at least 66 2/3% of the outstanding voting stock of such corporation not owned by the interested stockholder.

Our amended and restated certificate of incorporation and our amended and restated bylaws provide that we must indemnify our directors and officers to the fullest extent authorized by the DGCL. We are expressly authorized to, and do, carry directors' and officers' insurance providing coverage for our directors, officers and certain employees for some liabilities. We believe that these indemnification provisions and insurance are useful to attract and retain qualified directors and executive directors.

The limitation on liability and indemnification provisions in our certificate of incorporation and bylaws may discourage stockholders from bringing a lawsuit against directors for breach of their fiduciary duty. These provisions may also have the effect of reducing the likelihood of derivative litigation against directors and officers, even though such an action, if successful, might otherwise benefit us and our stockholders. In addition, your investment may be adversely affected to the extent we pay the costs of settlement and damage awards against directors and officers pursuant to these indemnification provisions.

CERTAIN IDENTIFIED INFORMATION HAS BEEN EXCLUDED FROM THIS EXHIBIT BECAUSE IT IS NOT MATERIAL AND WOULD LIKELY CAUSE COMPETITIVE HARM TO THE REGISTRANT IF PUBLICLY DISCLOSED. [***] INDICATES THAT INFORMATION HAS BEEN REDACTED.

LOAN AND SECURITY AGREEMENT

THIS LOAN AND SECURITY AGREEMENT is made and dated as of November 14, 2024 and is entered into by and among ALECTOR, INC., a Delaware corporation ("Company"), its Subsidiary ALECTOR LLC, a Delaware limited liability company ("Alector Sub"), and each other Person that has delivered a Joinder Agreement pursuant to Section 7.13 from time to time party hereto (together with Company and Alector Sub, individually or collectively, as the context may require, "Borrower"), the several banks and other financial institutions or entities from time to time party hereto as lenders (each, a "Lender", and collectively "Lenders") and HERCULES CAPITAL, INC., a Maryland corporation, in its capacity as administrative agent and collateral agent for itself and Lenders (in such capacity, including any successors or assigns, "Agent").

RECITALS

- A. Borrower has requested Lenders make available to Borrower up to two (2) tranches of term loans in an aggregate principal amount of up to Fifty Million Dollars (\$50,000,000); and
- B. Lenders are willing to make the Term Loans (as defined below) on the terms and conditions set forth in this Agreement.

AGREEMENT

NOW, THEREFORE, Borrower, Agent and Lenders agree as follows:

SECTION 1. DEFINITIONS AND RULES OF CONSTRUCTION

1.1 Unless otherwise defined herein, the following capitalized terms shall have the following meanings:

"Account Control Agreement(s)" means any agreement entered into by and among Agent, Borrower and a third-party bank or other institution (including a Securities Intermediary) in which Borrower maintains a Deposit Account or an account holding Investment Property and which perfects Agent's first priority security interest in the subject account or accounts.

"ACH Authorization" means the ACH Debit Authorization Agreement in substantially the form of Exhibit H, which account numbers shall be redacted for security purposes if and when filed publicly by Borrower.

"Acquisition" means any transaction or series of related transactions for the purpose of or resulting, directly or indirectly, in (a) the acquisition of all or substantially all of the assets of a Person, or of any business, line of business or division or other unit of operation of a Person, or (b) the acquisition of fifty percent (50%) or more of the Equity Interests of any Person, whether or not involving a merger, consolidation or similar transaction with such other Person, or otherwise causing any Person to become a Subsidiary of Borrower, or (c) the acquisition of or receipt of the grant of a right to use, develop or sell (in each case, including through an exclusive in-license) a product or product line and associated intellectual property from any other Person; provided that, for the avoidance of doubt, this clause (c) shall not apply to any commercially available license, any open-source software or any "off the shelf" or "shrink wrap" or

label licenses or other non-exclusive licenses to Borrower or any Subsidiary from contractors, service providers and the like.

“Advance(s)” means a Term Loan Advance.

“Advance Date” means the funding date of any Advance.

“Advance Request” means a request for an Advance submitted by Borrower to Agent in substantially the form of Exhibit A, which account numbers shall be redacted for security purposes if and when filed publicly by Borrower.

“Affiliate” means (a) any Person that directly or indirectly controls, is controlled by, or is under common control with the Person in question, (b) any Person directly or indirectly owning, controlling or holding with power to vote twenty percent (20%) or more of the outstanding voting securities of another Person, or (c) any Person twenty percent (20%) or more of whose outstanding voting securities are directly or indirectly owned, controlled or held by another Person with power to vote such securities. As used in the definition of “Affiliate,” the term “control” means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through ownership of voting securities, by contract or otherwise.

“Agreement” means this Loan and Security Agreement, as amended, restated, amended and restated, supplemented or otherwise modified from time to time.

“Amortization Date” means December 1, 2026 (the “Initial Amortization Date”); however, (x) if the First Interest Only Extension Conditions are satisfied, then June 1, 2027, (y) if the Second Interest Only Extension Conditions are satisfied, then December 1, 2027, and (z) if the Third Interest Only Extension Conditions are satisfied, then December 1, 2028.

“Anti-Corruption Laws” means all laws, rules, and regulations of any jurisdiction applicable to Borrower or any of its Affiliates from time to time concerning or relating to bribery or corruption, including without limitation the United States Foreign Corrupt Practices Act of 1977, as amended, the UK Bribery Act 2010 and other similar legislation in any other jurisdictions.

“Anti-Terrorism Laws” means any laws, rules, regulations or orders relating to terrorism or money laundering, including without limitation Executive Order No. 13224 (effective September 24, 2001), the USA PATRIOT Act, the laws comprising or implementing the Bank Secrecy Act, and the laws administered by OFAC.

“Bankruptcy Code” means the federal bankruptcy law of the United States as from time to time in effect, currently as Title 11 of the United States Code. Section references to current sections of the Bankruptcy Code shall refer to comparable sections of any revised version thereof if section numbering is changed.

“Blocked Person” means any Person: (a) listed in the annex to, or is otherwise subject to the provisions of, Executive Order No. 13224, (b) owned or controlled by, or acting for or on behalf of, any Person that is listed in the annex to, or is otherwise subject to the provisions of, Executive Order No. 13224, (c) with which any Lender is prohibited from dealing or otherwise engaging in any transaction by any Anti-Terrorism Law, (d) that commits, threatens or conspires to commit or supports “terrorism” as defined in Executive Order No. 13224, or (e) that is named a “specially designated national” or “blocked person” on the most current list published by OFAC or other similar list.

“Board of Directors” means, with respect to any Person that is a corporation, its board of directors, with respect to any Person that is a limited liability company, its board of managers, board of members or similar governing body, and with respect to any other Person that is another form of a legal entity, such Person’s governing body in accordance with its Organizational Documents.

“Borrower Products” means all products, software, service offerings, technical data or technology currently being designed, manufactured or sold or that are under clinical investigation or development by Borrower or any of its Subsidiaries or which Borrower or any of its Subsidiaries intends to sell, license, or distribute in the future including any products or service offerings under development, collectively, together with all products, software, service offerings, technical data or technology that have been sold, licensed or distributed by Borrower since its formation or incorporation.

“Borrower’s Books” means Borrower’s or any of its Subsidiaries’ books and records including ledgers, federal, state, local and foreign tax returns, records regarding Borrower’s or its Subsidiaries’ assets or liabilities, the Collateral, business operations or financial condition, and all computer programs or storage or any equipment containing such information.

“Bringdown Certificate” means a certificate in the form attached hereto as Exhibit G.

“Business Day” means any day other than Saturday, Sunday and any other day on which banking institutions in the State of California are closed for business.

“Cash” means all cash, cash equivalents and liquid funds.

“Change in Control” means (a) at any time, any “person” or “group” (as such terms are used in Sections 13(d) and 14(d) of Securities Exchange Act of 1934, as amended), shall become, or obtain rights (whether by means of warrants, options or otherwise) to become, the “beneficial owner” (as defined in Rules 13(d)-3 and 13(d)-5 under Securities Exchange Act of 1934, as amended), directly or indirectly, of forty-nine percent (49.0%) or more of the ordinary voting power for the election of directors, partners, managers and members, as applicable, of Company (determined on a fully diluted basis); (b) any “change of control”, “fundamental change”, “make-whole fundamental change” or any comparable term under and as defined in any indenture governing any Permitted Convertible Debt has occurred; or (c) during any period of twelve (12) consecutive months, a majority of the members of the Board of Directors of Company cease to be composed of individuals (i) who were members of that Board of Directors on the first (1st) day of such period, (ii) whose election or nomination to that Board of Directors was approved by individuals referred to in clause (i) above constituting at the time of such election or nomination at least a majority of that Board of Directors or (iii) whose election or nomination to that Board of Directors was approved by individuals referred to in clauses (i) and (ii) above constituting at the time of such election or nomination at least a majority of that Board of Directors; or (d) at any time, except as otherwise permitted by this Agreement, Company shall cease to own and control, of record and beneficially, directly or indirectly, one hundred percent (100.0%) of each class of outstanding stock, partnership, membership, or other ownership interest or other equity securities (other than director’s qualifying shares or other similar shares held by individuals that are mandated by the law of the jurisdiction of formation of the applicable Subsidiary) of each Subsidiary of Company free and clear of all Liens (other than Permitted Liens).

“Charter” means, with respect to any Person, such Person’s incorporation, formation or equivalent documents, as in effect from time to time.

“Closing Date” means the date of this Agreement.

“Code” means the U.S. Internal Revenue Code of 1986, as amended.

“Collateral Claim” means any and all present and future “claims” (used in its broadest sense, as contemplated by and defined in Section 101(5) of the Bankruptcy Code, but without regard to whether such claim would be disallowed under the Bankruptcy Code) of a Lender now or hereafter arising or existing under or relating to this Agreement and related Loan Documents, whether joint, several, or joint and several, whether fixed or indeterminate, due or not yet due, contingent or non-contingent, matured or unmatured, liquidated or unliquidated, or disputed or undisputed, whether under a guaranty or a letter of credit, and whether arising under contract, in tort, by law, or otherwise, any interest or fees thereon (including interest or fees that accrue after the filing of a petition by or against Borrower under the Bankruptcy Code, irrespective of whether allowable under the Bankruptcy Code), any costs of Enforcement Actions, including reasonable and documented attorneys’ fees and costs, and any prepayment or termination premiums.

“Commitment Charge” means that certain fee in the amount of Fifty Thousand Dollars (\$50,000), which fee has been paid to Agent and received by Agent prior to the Closing Date, and shall be deemed fully earned on such date regardless of the early termination of this Agreement.

“Common Stock” means the Common Stock, par value \$0.0001 per share, of Company.

“Compliance Certificate” means a certificate in the form attached hereto as Exhibit E.

“Contingent Obligation” means, as applied to any Person, any direct or indirect liability, contingent or otherwise, of that Person with respect to (i) any Indebtedness, lease (excluding operating leases of real property), dividend, letter of credit or other obligation of another Person, including any such obligation directly or indirectly guaranteed, endorsed, co-made or discounted or sold with recourse by that Person, or in respect of which that Person is otherwise directly or indirectly liable; (ii) any obligations with respect to undrawn letters of credit, corporate credit cards or merchant services issued for the account of that Person; and (iii) all obligations arising under any interest rate, currency or commodity swap agreement, interest rate cap agreement, interest rate collar agreement, or other agreement or arrangement designed to protect a Person against fluctuation in interest rates, currency exchange rates or commodity prices; provided, however, that the term “Contingent Obligation” shall not include endorsements for collection or deposit in the ordinary course of business, customary indemnification obligations or customary warranty obligations in the ordinary course of business. The amount of any Contingent Obligation shall be deemed, without duplication of the primary obligation, to be an amount equal to the stated or determined amount of the primary obligation in respect of which such Contingent Obligation is made or, if not stated or determinable, the maximum reasonably anticipated liability in respect thereof as determined by such Person in good faith; provided, however, that such amount shall not in any event exceed the maximum amount of the obligations under the guarantee or other support arrangement.

“Copyright License” means any written agreement granting any right to use any Copyright or Copyright registration, now owned or hereafter acquired by Borrower or in which Borrower now holds or hereafter acquires any interest.

“Copyrights” means all copyrights, whether registered or unregistered, held by Borrower pursuant to the laws of the United States of America, any State thereof, or of any other country.

“Default” means any event, circumstance or condition that has occurred or exists, that would, with the passage of time or the requirement that notice be given or both, become an Event of Default.

“Deposit Accounts” means any “deposit accounts”, as such term is defined in the UCC, and includes any checking account, savings account, or certificate of deposit.

“Disqualified Equity Interests” means any Equity Interests that, by their terms (or by the terms of any security or other Equity Interests into which they are convertible or for which they are exchangeable), or upon the happening of any event or condition (a) mature or are mandatorily redeemable (other than solely for Qualified Equity Interests and cash in lieu of fractional shares) pursuant to a sinking fund obligation or otherwise (except as a result of a change of control or asset sale so long as any rights of the holders thereof upon the occurrence of a change of control or asset sale event shall be subject to the prior repayment in full of the Secured Obligations (other than contingent obligations for which no claim has been made and for obligations which expressly survive the termination of the Loan Documents)), (b) are redeemable at the option (except as a result of a change of control or asset sale so long as any rights of the holders thereof upon the occurrence of a change of control or asset sale event shall be subject to the prior repayment in full of the Secured Obligations (other than contingent obligations for which no claim has been made and for obligations which expressly survive the termination of the Loan Documents)) of the holder thereof (other than solely for Qualified Equity Interests and cash in lieu of fractional shares), in whole or in part, (c) provide for scheduled payments of dividends in Cash, or (d) are or become convertible into or exchangeable for Indebtedness or any other Equity Interests that would constitute Disqualified Equity Interests, in each case, prior to the date that is ninety-one (91) days after the Term Loan Maturity Date.

“Division” means, in reference to any Person which is an entity, the division of such Person into two (2) or more separate Persons, with the dividing Person either continuing or terminating its existence as part of such division, including, without limitation, as contemplated under Section 18-217 of the Delaware Limited Liability Company Act for limited liability companies formed under Delaware law, Section 17-220 of the Delaware Revised Uniform Limited Partnership Act for limited partnerships formed under Delaware law, or any analogous action taken pursuant to any other applicable law with respect to any corporation, limited liability company, partnership or other entity.

“Domestic Subsidiary” means any Subsidiary organized under the laws of the United States of America, any State thereof, the District of Columbia, or any other jurisdiction within the United States of America.

“Enforcement Action” means, with respect to any Lender and with respect to any Collateral Claim of such Lender or any item of Collateral in which such Lender has or claims a security interest lien or right of offset, any action, whether judicial or nonjudicial, to repossess, collect, accelerate, offset, recoup, give notification to third parties with respect to, sell, dispose of, foreclose upon, give notice of sale, disposition, or foreclosure with respect to, or obtain equitable or injunctive relief with respect to, such Collateral Claim or Collateral. The filing, or the joining in the filing, by any Lender of an involuntary bankruptcy or Insolvency Proceeding against Borrower also is an Enforcement Action.

“Equity Interests” means, with respect to any Person, the capital stock, partnership or limited liability company interest, or other equity securities or equity ownership interests of such Person; provided that Equity Interests shall not include (a) any debt securities that are convertible into or exchangeable for any combination of Equity Interests and/or Cash (including for the avoidance of doubt any Permitted Convertible Debt) or (b) any Permitted Call Spread Transaction.

“ERISA” means the Employee Retirement Income Security Act of 1974, as amended, and the regulations promulgated thereunder.

“Excluded Accounts” means any of the following Deposit Accounts which are designated as such in writing to Agent as of the Closing Date or, with respect to any Deposit Account opened after the Closing Date, in the next Compliance Certificate delivered after such Deposit Account is opened: (a)

Deposit Accounts exclusively used for payroll, payroll taxes, annual bonuses, and other employee wage and benefit payments to or for the benefit of Borrower's employees holding an aggregate amount across all such accounts of not more than amounts needed for the then-next two (2) payroll cycles (inclusive of any amounts needed for annual bonus payments to be paid within the time frame of the then-next two (2) payroll cycles), (b) any Deposit Account which is a zero-balance disbursement account, (c) any Deposit Account which is solely used for disbursements and payments of withheld income taxes, payroll taxes and/or federal, state or local employee taxes, (d) any Deposit Account which is solely used as a trust account, escrow account, or other fiduciary account, (e) any Deposit Account used exclusively to maintain cash collateral in an amount that is necessary to secure any letter of credit obligations in connection with clause (vii) of the defined term "Permitted Indebtedness", and (f) any Deposit Accounts maintained with depository institutions outside the United States having an aggregate balance at any time not to exceed Five Hundred Thousand Dollars (\$500,000).

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

"Financing Milestone" means satisfaction of each of the following events: (a) no Default or Event of Default shall have occurred and be continuing; and (b) Company has raised, in each case after the Closing Date and prior to May 15, 2026, at least an aggregate amount equal to [***] in unrestricted (including, not subject to any redemption, clawback, escrow or similar encumbrance or restriction other than in the case of Permitted Convertible Debt) net cash proceeds from a combination of one or more (i) issuances of Qualified Equity Interests (which, for the avoidance of doubt, may include the net proceeds received from any Permitted Convertible Debt Financing (other than any net amounts used to purchase any Permitted Call Spread Transaction in connection with such Permitted Convertible Debt Financing)) (ii) milestone or opt-in payments from its existing, as of the Closing Date, collaboration and co-development agreements with GSK and/or AbbVie (iii) and/or upfront proceeds from business development transactions under agreements that were not in effect prior to the Closing Date and are permitted under this Agreement, subject to verification by Agent (including supporting documentation reasonably requested by Agent).

"First Interest Only Extension Conditions" means satisfaction of each of the following events: (a) no Default exists or Event of Default shall have occurred (unless the same has been waived by Agent and the Required Lenders in writing); and (b) prior to the Initial Amortization Date, [***].

"Foreign Subsidiary" means (a) a Subsidiary other than any Domestic Subsidiary and (b) a Domestic Subsidiary substantially all of the assets of which consist of Equity Interests in, or other securities of or debt obligations owed by, one or more "controlled foreign corporations" within the meaning of Section 957(a) of the Code (or are treated as consisting of such assets for U.S. federal income tax purposes).

"GAAP" means generally accepted accounting principles in the United States of America, as in effect from time to time.

"Governmental Approval" means any consent, authorization, approval, order, license, franchise, permit, certificate, accreditation, registration, filing or notice, of, issued by, from or to, or other act by or in respect of, any Governmental Authority.

"Governmental Authority" means any federal, state, municipal, national or other government, governmental department, commission, board, bureau, court, agency or instrumentality or political subdivision thereof (including the FDA) or any entity or officer exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to any government or any court, in each

case whether associated with a state or locality of the United States, the United States, or a foreign government.

“Guarantor” means any Subsidiary of Borrower that enters into a Guaranty.

“Guaranty” means a guaranty with respect to the Secured Obligations, in form and substance satisfactory to Agent that may be entered into from time to time, as the same may from time to time be amended, restated, modified or otherwise supplemented.

“Indebtedness” means (a) all indebtedness for borrowed money or the deferred purchase price of property or services (excluding accounts payable and accrued obligations in the ordinary course of business due within one hundred twenty (120) days), including reimbursement and other obligations with respect to surety bonds), (b) all obligations evidenced by notes, bonds, debentures or similar instruments, (c) all capital lease obligations, (d) obligations of such Person in respect of Disqualified Equity Interests issued by such Person, (e) “earnouts”, purchase price adjustments, profit sharing arrangements, deferred purchase money amounts and similar payment obligations or continuing obligations of any nature arising out of purchase and sale contracts, in each case only to the extent required to be reflected as a liability on a balance sheet prepared in accordance with GAAP, (f) non-contingent obligations to reimburse any bank or Person in respect of amounts paid under a letter of credit, banker’s acceptance or similar instrument, and (g) all Contingent Obligations. Notwithstanding the foregoing and for the avoidance of doubt, no obligation of the Borrower in respect of any Permitted Call Spread Transaction shall constitute Indebtedness.

“Initial Amortization Date” has the meaning set forth in the definition of Amortization Date.

“Initial Facility Charge” means Two Hundred Fifty Thousand Dollars (\$250,000), which is payable to Lenders in accordance with Section 4.1(i).

“Insolvency Proceeding” means any proceeding by or against any Person under the United States Bankruptcy Code, or any other bankruptcy, liquidation, moratorium, receivership, or insolvency law, including assignments for the benefit of creditors, compositions, extensions generally with its creditors, or proceedings seeking reorganization, administration, arrangement, receivership or other similar relief proceedings in the applicable jurisdiction from time to time in effect and affecting the rights of creditors generally.

“Intellectual Property” means all of Borrower’s Copyrights; Trademarks; Patents; Licenses; trade secrets and inventions; mask works; Borrower’s applications therefor and reissues, extensions, or renewals thereof; and Borrower’s goodwill associated with any of the foregoing, together with Borrower’s rights to sue for past, present and future infringement of Intellectual Property and the goodwill associated therewith.

“Intellectual Property Security Agreement” means the Intellectual Property Security Agreement dated as of the Closing Date between Loan Parties and Agent, as the same may from time to time be amended, restated, amended and restated, modified or otherwise supplemented.

“Investment” means by any Person (a) any beneficial ownership (including stock, partnership interests, limited liability company interests, or other equity securities or ownership interests) of or in any other Person, (b) any loan, advance or capital contribution to any other Person, or (c) any Acquisition.

“IRS” means the U.S. Internal Revenue Service.

“Joinder Agreements” means for each Subsidiary required to join as a Borrower or as a Guarantor pursuant to Section 7.13, a completed and executed Joinder Agreement in substantially the form attached hereto as Exhibit F.

“License” means any Copyright License, Patent License, Trademark License or other Intellectual Property license of rights or interests.

“Lien” means any mortgage, deed of trust, pledge, hypothecation, assignment for security, security interest, encumbrance, levy, lien or charge of any kind, whether voluntarily incurred or arising by operation of law or otherwise, against any property, any conditional sale or other title retention agreement, and any lease in the nature of a security interest.

“Loan” means the Advances made under this Agreement.

“Loan Documents” means this Agreement, the promissory notes (if any), the ACH Authorization, the Account Control Agreements, any Joinder Agreement, all UCC Financing Statements, any Guaranty, the Pledge Agreement, the Intellectual Property Security Agreement, and any other documents executed in connection with the Secured Obligations or the transactions contemplated hereby, as the same may from time to time be amended, modified, supplemented, restated or amended and restated.

“Loan Party” means Borrower or any Guarantor.

“Material Adverse Effect” means a material adverse effect upon: (i) the business, operations, properties, assets or financial condition of the Loan Parties and their respective Subsidiaries taken as a whole; or (ii) the ability of Borrower to perform or pay the Secured Obligations in accordance with the terms of the Loan Documents, or the ability of Agent or Lenders to enforce any of its rights or remedies with respect to the Secured Obligations; or (iii) the Collateral or Agent’s Liens on the Collateral or the priority of such Liens.

“Material Agreement” means (a) the Material License, (b) any material license, agreement or other contractual agreement which would be required to be included as an exhibit to Company’s Annual Report on Form 10-K, Quarterly Report on Form 10-Q or Current Report on Form 8-K filed with the Securities and Exchange Commission, and (c) any license, agreement or other contractual arrangement the termination of which could reasonably be expected to result in a Material Adverse Effect.

“Material License” means, collectively, licenses granted pursuant to and in connection with (a) that certain Co-Development and Option Agreement, dated October 16, 2017, by and between Company and Abbvie Biotechnology, Ltd. (as amended, restated, amended and restated, modified and supplemented from time to time, the “AbbVie Agreement”), (b) that certain Third Amended and Restated Collaboration Agreement, dated September 19, 2016, by and between Alektor Sub and Adimab, LLC (as amended, restated, amended and restated, modified and supplemented from time to time), (c) that certain 2019 Collaboration Agreement, dated August 16, 2019, by and between Alektor Sub and Adimab, LLC (as amended, restated, amended and restated, modified and supplemented from time to time), and (d) that certain Collaboration and License Agreement, dated July 1, 2021, by and between the Company and Glaxo Wellcome UK Limited (as amended, restated, amended and restated, modified and supplemented from time to time, the “GSK Agreement”).

“Maximum Term Loan Amount” means Fifty Million Dollars (\$50,000,000).

“Non-Disclosure Agreement” means that certain Confidentiality Agreement by and between Agent and Borrower dated as of September 27, 2024.

“OFAC” means the U.S. Department of Treasury Office of Foreign Assets Control.

“OFAC Lists” means, collectively, the Specially Designated Nationals and Blocked Persons List maintained by OFAC pursuant to Executive Order No. 13224, 66 Fed. Reg. 49079 (Sept. 25, 2001) and/or any other list of terrorists or other restricted Persons maintained pursuant to any of the rules and regulations of OFAC or pursuant to any other applicable Executive Orders.

“Organizational Documents” means with respect to any Person, such Person’s Charter, and (a) if such Person is a corporation, its bylaws, (b) if such Person is a limited liability company, its limited liability company agreement (or similar agreement), and (c) if such Person is a partnership, its partnership agreement (or similar agreement), each of the foregoing with all current amendments or modifications thereto.

“Patent License” means any written agreement granting any right with respect to any invention on which a Patent is in existence or a Patent application is pending, in which agreement Borrower now holds or hereafter acquires any interest.

“Patents” means all letters patent of, or rights corresponding thereto, in the United States of America or in any other country, all registrations and recordings thereof, and all applications for letters patent of, or rights corresponding thereto, in the United States of America or any other country.

“Perfection Certificate” means a completed certificate entitled “Perfection Certificate”, dated as of the Closing Date, delivered by Company to Agent and Lenders, signed by Company (as amended, restated, modified or supplemented pursuant to the terms of this Agreement).

“Permitted Acquisition” shall mean any Acquisition, which is conducted in accordance with the following requirements:

(i) such Acquisition is not a hostile or contested Acquisition;

(ii) such acquisition is of a business or Person engaged in a line of business related to that of the Borrower or its Subsidiaries;

(iii) if such acquisition is structured as a stock acquisition, then the Person so acquired shall either (a) become a wholly-owned Subsidiary of Borrower or of a Subsidiary and the Borrower shall comply, or cause such Subsidiary to comply, with 7.13 hereof or (b) such Person shall be merged with and into Borrower or a Subsidiary of Borrower that has executed a Joinder Agreement (with the Borrower or such Subsidiary that has executed a Joinder Agreement being the surviving entity);

(iv) if such acquisition is structured as the acquisition of assets or in-licensing, such assets shall be acquired by Borrower or a newly-organized wholly-owned Subsidiary (in which event such Subsidiary shall comply with Section 7.13 hereof), and shall be free and clear of Liens other than Permitted Liens;

(v) (a) if the Acquisition is an equity purchase, the target and its Subsidiaries must have as its jurisdiction of formation a state within the United States, England and Wales, Canada (excluding Quebec), Australia or other jurisdiction acceptable to Agent in its sole but reasonable discretion, (b) and if the Acquisition is an asset purchase or a merger, all of the assets so acquired shall be located within the United States, England and Wales, Canada (excluding Quebec), Australia or other jurisdiction acceptable to Agent in its sole but reasonable discretion (or, in the

case of any intellectual property so acquired, registered or otherwise located in the United States, England and Wales, Canada (excluding Quebec), Australia or other jurisdiction acceptable to Agent in its sole but reasonable discretion), and (c) if the Acquisition consists of an in-license by a Borrower of intellectual property or product, such in-license agreements shall be governed by the laws of United States, any state thereof or the District of Columbia, England and Wales, Canada (excluding Quebec), Australia or other jurisdiction acceptable to Agent in its sole but reasonable discretion; provided that, notwithstanding the foregoing, the aggregate consideration paid in an such Acquisition and allocable to assets or entities located outside the United States, England and Wales, Canada (excluding Quebec) and Australia or any other jurisdiction acceptable to Agent in its sole but reasonable discretion shall not exceed 20% of the total consideration for such Acquisition;

(vi) the Borrower shall have delivered to Lender not less than seven (7) days nor more than twenty (20) days prior to the closing date of such acquisition, notice of such acquisition together with pro forma projected financial information, copies of all material definitive documents relating to such acquisition, and historical financial statements for such acquired entity, division or line of business;

(vii) both immediately before and after such acquisition no default or Event of Default shall have occurred (unless the same has been waived by Agent and the Required Lenders in writing);

(viii) the sum of the consideration with respect to such proposed new acquisition, computed on the basis of total acquisition consideration paid or incurred, or to be paid or incurred, by Borrower with respect thereto, including the amount of Permitted Indebtedness assumed or to which such assets, businesses or business or ownership interest or shares, or any Person so acquired, is subject, shall not be greater than (i) Five Million Dollars (\$5,000,000) for any single acquisition or group of related acquisitions or (ii) Ten Million Dollars (\$10,000,000) for all such acquisitions during the term of this Agreement; provided that the caps in the foregoing clauses (i) and (ii) shall apply only to consideration that is actually paid on or prior to the Term Loan Maturity Date; provided further that the caps in clauses (i) and (ii) shall increase to Ten Million Dollars (\$10,000,000) and Twenty-Five Million Dollars (\$25,000,000), respectively, immediately following such time that Company has raised, in each case after the Closing Date and prior to May 15, 2026, at least an aggregate amount equal to [***] in unrestricted (including, not subject to any redemption, clawback, escrow or similar encumbrance or restriction other than in the case of Permitted Convertible Debt) net cash proceeds from a combination of one or more (i) issuances of Qualified Equity Interests (which, for the avoidance of doubt, may include the net proceeds received from any Permitted Convertible Debt Financing (other than any net amounts used to purchase any Permitted Call Spread Transaction in connection with such Permitted Convertible Debt Financing)) (ii) milestone or opt-in payments from its existing, as of the Closing Date, collaboration and co-development agreements with GSK and/or AbbVie (iii) and/or upfront proceeds from business development transactions under agreements that were not in effect prior to the Closing Date and are permitted under this Agreement, subject to verification by Agent (including supporting documentation reasonably requested by Agent);

(ix) Borrower shall have delivered to Agent the final executed material documentation relating to such Acquisition within 5 days following the consummation thereof; and

(x) Borrower shall have delivered to the Agent, at least two (2) Business Days prior to the date on which any such Acquisition is to be consummated (or such later date as is agreed by

the Agent in its sole discretion), a certificate of the Chief Executive Officer or Chief Financial Officer of Borrower, in form and substance reasonably satisfactory to the Agent, certifying that all of the requirements set forth in this definition have been satisfied or will be satisfied on or prior to the consummation of such Acquisition.

“Permitted Call Spread Transaction” means (a) any call or capped call option (or substantively equivalent derivative transaction) relating to the Common Stock (or other securities or property following a merger event, reclassification or other change of the Common Stock) purchased by the Borrower in connection with the issuance of any Permitted Convertible Debt and settled in Common Stock (or such other securities or property), cash or a combination thereof (such amount of cash determined by reference to the price of the Common Stock or such other securities or property), and cash in lieu of fractional shares of Common Stock not to exceed Fifty Thousand Dollars (\$50,000),, or (b) any call option, warrant or right to purchase (or substantively equivalent derivative transaction) relating to the Common Stock (or other securities or property following a merger event, reclassification or other change of the Common Stock) sold by the Borrower substantially concurrently with any purchase by the Borrower of a Permitted Call Spread Transaction described in clause (a) and settled in Common Stock (or such other securities or property), cash or a combination thereof (such amount of cash determined by reference to the price of the Common Stock or such other securities or property), and cash in lieu of fractional shares of Common Stock not to exceed Fifty Thousand Dollars (\$50,000), (such transaction, a **“Warrant Transaction”**); provided that (i) the terms, conditions and covenants of each such transaction described in clause (a) or clause (b) shall be such as are customary for transactions of such type (as determined by the board of directors of Borrower (or a committee thereof) in good faith), and (ii) the purchase price for such Bond Hedge Transaction, less the proceeds received by the Borrower from the sale of any related Warrant Transaction, does not exceed twenty-five percent (25%) of the aggregate principal amount of the related Permitted Convertible Indebtedness at the time of such purchase).

“Permitted Convertible Debt Financing” means issuance by Company of unsecured Indebtedness that is convertible into shares of Common Stock (or other securities or property following a merger event, reclassification or other change of the Common Stock), and Cash in lieu of fractional shares of Common Stock not to exceed Fifty Thousand Dollars (\$50,000), in an aggregate principal amount of not more than One Hundred Seventy-Five Million Dollars (\$175,000,000) (**“Permitted Convertible Debt”**); provided that (a) both immediately prior to and immediately after giving effect (including pro forma effect) thereto, no Default or Event of Default shall exist or result therefrom, (b) such Permitted Convertible Debt shall have no scheduled amortization or principal payments, mandatory redemptions or other required payments of principal prior to the date that is one hundred eighty (180) days after the Term Loan Maturity Date, other than customary payments upon a “change of control”, “fundamental change”, “make-whole fundamental change” or any comparable term (it being understood that a holder’s option to convert any such Indebtedness into Common Stock (or other securities or property following a merger event, reclassification or other change of the Common Stock and Cash in lieu of fractional shares not to exceed Fifty Thousand Dollars (\$50,000),) shall not be considered a required mandatory redemption or payment of principal), (c) such Permitted Convertible Debt shall not be guaranteed by any Subsidiary of Company that is not a Borrower or a guarantor of the Secured Obligations, (e) contain usual and customary subordination terms for underwritten offerings of senior subordinated convertible notes (as determined by the board of directors of Borrower (or a committee thereof) in good faith), (f) shall be Indebtedness of Borrower and not of any Subsidiary thereof, and (d) such Permitted Convertible Debt shall have such other terms, conditions and covenants as are customary (as determined by the Borrower in good faith). For the avoidance of doubt, Permitted Convertible Debt shall not constitute Subordinated Indebtedness.

“Permitted Indebtedness” means:

(i)Indebtedness of Borrower in favor of any Lender or Agent arising under this Agreement or any other Loan Document;

(ii)Indebtedness existing on the Closing Date which is disclosed in Schedule 1A;

(iii)Indebtedness of up to Two Million Dollars (\$2,000,000) outstanding at any time secured by a Lien described in clause (vii) of the defined term “Permitted Liens,” provided such Indebtedness does not exceed the cost of the Equipment, software or other Intellectual Property financed with such Indebtedness;

(iv)Indebtedness constituting accounts payable incurred in the ordinary course of business (due within one hundred twenty (120) days), including such Indebtedness incurred in the ordinary course of business with corporate credit cards in an aggregate outstanding amount not to exceed Five Hundred Fifty Thousand Dollars (\$500,000) at any time;

(v)Indebtedness that also constitutes a Permitted Investment or is secured by a Permitted Lien;

(vi)Subordinated Indebtedness;

(vii)reimbursement obligations in connection with letters of credit that are at any time outstanding and secured by Cash and issued on behalf of Borrower or a Subsidiary in an amount not to exceed Two Million Dollars (\$2,000,000);

(viii)other unsecured Indebtedness in an amount not to exceed One Million Dollars (\$1,000,000) at any time outstanding;

(ix)intercompany Indebtedness of (a) any Loan Party owing to another Loan Party, and (b) any Subsidiary that is not a Loan Party owing to any other Subsidiary that is not a Loan Party;

(x) the Permitted Convertible Debt Financing;

(xi)Indebtedness arising out of Contingent Obligations related to the entry of any Borrower or any Subsidiary into any interest rate or currency or commodity swap agreement, interest rate cap agreement, interest rate collar agreement, or other agreement or arrangement designed to protect such Borrower or such Subsidiary against fluctuation in interest rates, currency exchange rates or commodity prices and not for speculative purposes;

(xii)Indebtedness incurred as a result of endorsing negotiable instruments received in the ordinary course of business;

(xiii)Indebtedness in respect of performance, bid, appeal and surety bonds, and performance and completion guarantees and similar obligations in the ordinary course of business in an aggregate amount not to exceed Five Hundred Thousand Dollars (\$500,000) at any time;

(xiv)Indebtedness arising with respect to Borrower’s or any Subsidiary’s real property lease and operating lease obligations in the ordinary course of business;

(xv)royalty payments, revenue payments, milestone payments, deferred payments, and any other obligations under any Material License;

(xvi)[reserved];

(xvii)Indebtedness incurred in connection with the financing of insurance premiums in the ordinary course of business; and

(xviii)extensions, refinancings and renewals of any items of Permitted Indebtedness, provided that the principal amount is not increased or the terms modified to impose materially more burdensome terms upon Borrower or its Subsidiary, as the case may be, and subject to any limitations on the aggregate amount of such Indebtedness.

“Permitted Investment” means:

(i)Investments existing on the Closing Date which are disclosed in Schedule 1B;

(ii)(a) marketable direct obligations issued or unconditionally guaranteed by the United States of America or any agency or any State thereof maturing within one year from the date of acquisition thereof currently having a rating of at least A-2 or P-2 from either Standard & Poor’s Corporation or Moody’s Investors Service, (b) commercial paper maturing no more than one year from the date of creation thereof and currently having a rating of at least A-2 or P-2 from either Standard & Poor’s Corporation or Moody’s Investors Service, (c) certificates of deposit issued by any bank with assets of at least Five Hundred Million Dollars (\$500,000,000) maturing no more than one year from the date of investment therein, (d) money market accounts, (e) cash, and (f) any other Investments permitted by Company’s investment policy, as amended from time to time, provided that solely for purposes of this Agreement such investment policy (and any such amendment thereto) has been approved in writing by Agent (it being understood that Company’s investment policy existing on the Closing Date is approved by Agent);

(iii)repurchases of stock of Borrower from former employees, directors, or consultants of Borrower under the terms of applicable repurchase agreements at the original issuance price of such securities in an aggregate amount not to exceed Two Hundred Fifty Thousand Dollars (\$250,000) in any fiscal year, provided that no Event of Default has occurred, is continuing or could exist after giving effect to the repurchases;

(iv)Investments accepted in connection with Permitted Transfers;

(v)Investments (including debt obligations) received in connection with the bankruptcy or reorganization of customers or suppliers and in settlement of delinquent obligations of, and other disputes with, customers or suppliers arising in the ordinary course of Borrower’s business;

(vi)Investments consisting of accounts receivable, notes receivable of, or prepaid royalties and other credit extensions to, customers and suppliers who are not Affiliates, in the ordinary course of business, provided that this subsection (vi) shall not apply to Investments of any Loan Party in any Subsidiary of a Loan Party;

(vii)Investments consisting of loans not involving the net transfer on a substantially contemporaneous basis of cash proceeds to employees, officers or directors relating to the purchase of capital stock of Company pursuant to employee stock purchase plans or other similar agreements approved by Company’s Board of Directors;

(viii) Investments consisting of: (A) travel advances and employee relocation loans in the ordinary course of business, and (B) loans to employees, officers, managers or directors relating to the purchase of equity securities of Borrower pursuant to employee stock purchase plans or agreements approved by Borrower's Board of Directors or similar governing body; not to exceed Two Hundred Fifty Thousand Dollars (\$250,000) in the aggregate for (A) and (B), collectively, outstanding at any time;

(ix) Investments in newly-formed Subsidiaries, provided that each such Subsidiary enters into a Joinder Agreement promptly after its formation and executes such other documents as shall be reasonably requested by Agent;

(x) (A) Investments by any Loan Party in any other Loan Party, (B) Investments by any Subsidiary that is not a Loan Party in any other Subsidiary that is not a Loan Party and (C) Investments by any Loan Party in any Subsidiary that is not a Loan Party approved in advance in writing by Agent;

(xi) joint ventures or strategic alliances in the ordinary course of Borrower's business consisting of the nonexclusive licensing of technology, the development of technology or the providing of technical support, provided that any cash Investments by Borrower do not exceed Two Hundred Fifty Thousand Dollars (\$250,000) in the aggregate in any fiscal year;

(xii) Investments consisting of the endorsement of negotiable instruments for deposit or collection or similar transactions in the ordinary course of business;

(xiii) Investments (including debt obligations) received in connection with the bankruptcy or reorganization of customers or suppliers and in settlement of delinquent obligations of, and other disputes with, customers or suppliers ;

(xiv) Permitted Acquisitions;

(xv) additional Investments that do not exceed Two Hundred Fifty Thousand Dollars (\$250,000) in the aggregate from the Closing Date until the time that no Secured Obligations (other than for inchoate indemnification obligations which, by their terms, survive termination of this Agreement) remain outstanding.

"Permitted Liens" means:

(i) Liens in favor of Agent or Lenders;

(ii) Liens existing on the Closing Date which are disclosed in Schedule 1C;

(iii) Liens for taxes, fees, assessments or other governmental charges or levies, either not yet due or being contested in good faith by appropriate proceedings; and for which Borrower maintains adequate reserves therefor on Borrower's Books in accordance with GAAP;

(iv) Liens securing claims or demands of materialmen, artisans, mechanics, carriers, warehousemen, landlords and other like Persons arising in the ordinary course of business and imposed without action of such parties; provided, that the payment thereof is not yet required;

(v) Liens arising from judgments, decrees, orders or attachments in circumstances which do not constitute an Event of Default hereunder;

(vi)the following deposits, to the extent made in the ordinary course of business: deposits under worker's compensation, unemployment insurance, social security and other similar laws, or to secure the performance of bids, tenders or contracts (other than for the repayment of borrowed money) or to secure indemnity, performance or other similar bonds for the performance of bids, tenders or contracts (other than for the repayment of borrowed money) or to secure statutory obligations (other than Liens arising under ERISA or environmental Liens) or surety or appeal bonds, or to secure indemnity, performance or other similar bonds;

(vii)Liens on Equipment, additions and accessions thereto and the proceeds thereof or software or other intellectual property constituting purchase money Liens and other Liens in connection with capital leases securing Indebtedness permitted in clause (iii) of "Permitted Indebtedness";

(viii)Liens incurred in connection with Subordinated Indebtedness;

(ix)leasehold interests in leases or subleases and licenses (other than with respect to Intellectual Property) granted in the ordinary course of business and not interfering in any material respect with the business of the licensor;

(x)Liens in favor of customs and revenue authorities arising as a matter of law to secure payment of custom duties that are promptly paid on or before the date they become due;

(xi)Liens on insurance proceeds securing the payment of financed insurance premiums that are promptly paid on or before the date they become due (provided that such Liens extend only to such insurance proceeds and not to any other property or assets);

(xii)statutory, contractual and common law rights of set-off and other similar rights as to deposits of cash and securities in favor of banks, other depository institutions and brokerage firms;

(xiii)easements, servitudes, zoning restrictions, rights-of-way and similar encumbrances on real property imposed by law or arising in the ordinary course of business so long as they do not materially impair the value or marketability of the related property;

(xiv)(a) Liens on Cash securing obligations permitted under clause (vii) of the definition of Permitted Indebtedness and (b) security deposits in connection with real property leases, the combination of (a) and (b) in an aggregate amount not to exceed Two Million Dollars (\$2,000,000) at any time;

(xv)Liens incurred in connection with any Material License;

(xvi)joint ownership rights arising pursuant to any Material License;

(xvii)additional Liens so long as (A) such Liens do not secure debt for borrowed money, (B) such Liens attach to specific, and not substantially all of the, assets of the Company or any of its Subsidiaries, and (C) the aggregate principal amount of the obligations secured thereby does not exceed Two Hundred Fifty Thousand Dollars (\$250,000) at any time outstanding);

(xviii)licenses and sublicenses that qualify as Permitted Transfers; and

(xix) Liens incurred in connection with the extension, renewal or refinancing of the Indebtedness secured by Liens of the type described in clauses (i) through (xviii) above; provided, that any extension, renewal or replacement Lien shall be limited to the property encumbered by the existing Lien and the principal amount of the Indebtedness being extended, renewed or refinanced (as may have been reduced by any payment thereon) does not increase.

“Permitted Transfers” means:

(i) sales of Inventory or drug materials in the ordinary course of business;

(ii) licenses, options and similar arrangements for the use of Intellectual Property on an arms’ length basis, including in connection with business development transactions, co-development, co-commercialization or co-promotion transactions, collaborations, licensing, partnering or similar transactions with third parties and that are entered into with commercially reasonable terms, that could not result in a legal transfer of title of any of Borrower’s licensed property (except as permitted by clause (iv) below);

(iii) Transfers pursuant to any Material License;

(iv) Transfers of Intellectual Property developed under a collaboration or similar agreement to the extent such Intellectual Property relates to an asset or technology originating from or invented or co-invented by a counterparty to such collaboration or similar agreement but only to the extent such Transfer is necessary to fulfill Borrower’s obligations under such collaboration or similar agreement;

(v) (A) Transfers by any Loan Party to any other Loan Party, and (B) transfers by any Subsidiary that is not a Loan Party to any Subsidiary that is not a Loan Party or to a Loan Party and;

(vi) Transfers constituting the making of Permitted Investments or the granting of Permitted Liens or Transfers permitted by Section 7.7 or Section 7.9;

(vii) dispositions of worn-out, obsolete or surplus Equipment at fair market value in the ordinary course of business;

(viii) the use of cash in the ordinary course of business or as otherwise permitted by this Agreement;

(ix) leasehold interests in leases or subleases and licenses (other than with respect to Intellectual Property) granted in the ordinary course of business and not interfering in any material respect with the business of the licensors;

(x) Transfers consisting of the abandonment, cancellation, non-renewal, discontinuance of use or maintenance of, forfeiture or dedication to the public of any Intellectual Property immaterial to Borrower’s business with no material value to Borrower’s business; and

(xi) other Transfers of assets having a fair market value of not more than Five Hundred Thousand Dollars (\$500,000) in the aggregate in any fiscal year.

“Person” means any individual, sole proprietorship, partnership, joint venture, trust, unincorporated organization, association, corporation, limited liability company, institution, other entity or government.

“Pledge Agreement” means the Pledge Agreement dated as of the Closing Date between each Borrower party thereto and Agent, as the same may from time to time be amended, restated, amended and restated, modified or otherwise supplemented.

“Prime Rate” means the greater of (a) the “prime rate” as reported in *The Wall Street Journal* or any successor publication thereto and (b) seven percent (7.00%).

“Qualified Equity Interests” means any Equity Interests that are not Disqualified Equity Interests.

“Receivables” means (i) all of Borrower’s Accounts, Instruments, Documents, Chattel Paper, Supporting Obligations, letters of credit, proceeds of any letter of credit, and Letter of Credit Rights, and (ii) all customer lists, software, and business records related thereto.

“Registration” means any registration, authorization, approval, license, permit, clearance, certificate, and exemption issued or allowed by the FDA or state pharmacy licensing authorities (including, without limitation, new drug applications, abbreviated new drug applications, investigational new drug applications, pricing and reimbursement approvals, labelling approvals or their foreign equivalent, and wholesale distributor permits).

“Required Lenders” means at any time, the holders of more than fifty percent (50%) of the sum of the aggregate unpaid principal amount of the Term Loans then outstanding.

“Responsible Officer” means the chief executive officer, chief financial officer, general counsel or chief legal officer of Company.

“Restricted License” means any Material Agreement with respect to which Borrower is the licensee (a) that prohibits or otherwise restricts Borrower from granting a security interest in Borrower’s interest in such License or agreement or any other property, or (b) for which a default under or termination of could interfere with Agent’s right to sell any Collateral, other than as a result of customary non-assignment provisions. For the avoidance of doubt, “Restricted License” does not include any license that is commercially available, any open-source software or any “off the shelf” or “shrink wrap” or label licenses or other non-exclusive licenses to Borrower from contractors, service providers and the like.

“Sanctioned Country” means, at any time, a country or territory which is the subject or target of any Sanctions.

“Sanctioned Person” means, at any time, (a) any Person listed in any Sanctions-related list of designated Persons maintained by the Office of Foreign Assets Control of the U.S. Department of the Treasury or the U.S. Department of State, or by the United Nations Security Council, the European Union or any EU member state, (b) any Person operating, organized or resident in a Sanctioned Country or (c) any Person controlled by any such Person.

“Sanctions” means economic or financial sanctions or trade embargoes imposed, administered or enforced from time to time by (a) the U.S. government, including those administered by the Office of Foreign Assets Control of the U.S. Department of the Treasury or the U.S. Department of

State, or (b) the United Nations Security Council, the European Union or His Majesty's Treasury of the United Kingdom.

“SBA Funding Date” means each date on which a Lender which is an SBIC funds any portion of the Term Loans.

“Second Interest Only Extension Conditions” means satisfaction of each of the following events: (a) no Default exists or Event of Default shall have occurred (unless the same has been waived by Agent and the Required Lenders in writing); (b) Borrower's achievement of the Financing Milestone; (c) Borrower's achievement of the First Interest Only Extension Conditions; and (d) prior to June 1, 2027, [***].

“Secured Obligations” means Borrower's obligations to Agent and Lenders under this Agreement and any Loan Document, including any obligation to pay any amount now owing or later arising.

“Subordinated Indebtedness” means Indebtedness subordinated in writing to the Secured Obligations on terms and conditions satisfactory to Agent in its sole discretion pursuant to a subordination agreement in form and substance satisfactory to Agent in its sole discretion.

“Subsequent Financing” means the closing of any Borrower public or private financing in a gross amount in excess of [***] broadly marketed to multiple investors, which becomes effective after the Closing Date; provided however that any at-the-market (ATM) equity financing shall not be considered a Subsequent Financing.

“Subsidiary” means an entity, whether a corporation, partnership, limited liability company, joint venture or otherwise, in which Borrower owns or controls, either directly or indirectly, fifty percent (50%) or more of the outstanding voting securities, including each entity listed on Schedule 1.

“Taxes” means all present or future taxes, levies, imposts, duties, deductions, withholdings (including backup withholding), assessments, fees or other charges imposed by any Governmental Authority, including any interest, additions to tax or penalties applicable thereto.

“Term Commitment” means as to any Lender, the obligation of such Lender, if any, to make a Term Loan Advance to Borrower in a principal amount not to exceed the amount set forth under the heading “Tranche 1 Commitment” or “Tranche 2 Commitment”, as the case may be, opposite such Lender's name on Schedule 1.1.

“Term Loan” means any Term Loan Advance made under this Agreement.

“Term Loan Advance” means each Tranche 1 Advance, Tranche 2 Advance, and any other funds advanced under Section 2.2(a).

“Term Loan Interest Rate” means for any day a per annum rate of interest equal to the greater of either (i) (x) the Prime Rate plus (y) one and one-twentieth percent (1.05%), and (ii) eight and one-twentieth percent (8.05%).

“Term Loan Maturity Date” means December 1, 2028; provided that if such day is not a Business Day, the Term Loan Maturity Date shall be the immediately subsequent Business Day.

“Third Interest Only Extension Conditions” means satisfaction of each of the following events: (a) no Default exists or Event of Default shall have occurred (unless the same has been waived by

Agent and the Required Lenders in writing); (b) Borrower’s achievement of the Second Interest Only Extension Conditions; and (c) [***].

“Trademark License” means any written agreement granting any right to use any Trademark or Trademark registration, now owned or hereafter acquired by Borrower or in which Borrower now holds or hereafter acquires any interest.

“Trademarks” means all trademarks (registered, common law or otherwise) and any applications in connection therewith, including registrations, recordings and applications in the United States Patent and Trademark Office or in any similar office or agency of the United States of America, any State thereof or any other country or any political subdivision thereof.

“Tranche” means the Tranche 1 Advance, and/or Tranche 2 Advance, as applicable.

“Tranche 1 Commitment” means as to any Lender, the obligation of such Lender, if any, to make a Term Loan Advance to Borrower in a principal amount not to exceed the amount set forth under the heading Tranche 1 Commitment opposite such Lender’s name on Schedule 1.1.

“Tranche 2 Commitment” means as to any Lender, the obligation of such Lender, if any, to make a Term Loan Advance to Borrower in a principal amount not to exceed the amount set forth under the heading Tranche 2 Commitment opposite such Lender’s name on Schedule 1.1.

“Tranche Facility Charge” means one percent (1.00%) of any Advance (other than a Tranche 1 Advance), which is payable to Lenders in accordance with Section 4.2(d).

“U.S. Person” means any Person that is a “United States person” as defined in Section 7701(a)(30) of the Code.

“UCC” means the Uniform Commercial Code as the same is, from time to time, in effect in the State of California; provided, that in the event that, by reason of mandatory provisions of law, any or all of the attachment, perfection or priority of, or remedies with respect to, Agent’s Lien on any Collateral is governed by the Uniform Commercial Code as the same is, from time to time, in effect in a jurisdiction other than the State of California, then the term “UCC” shall mean the Uniform Commercial Code as in effect, from time to time, in such other jurisdiction solely for purposes of the provisions thereof relating to such attachment, perfection, priority or remedies and for purposes of definitions related to such provisions.

1.2 The following terms are defined in the Sections or subsections referenced opposite such terms:

Defined Term	Section
1940 Act	5.6(b)
Agent	Preamble
Alector Sub	Preamble
Assignee	11.14
Borrower	Preamble
Claims	11.11(a)
Collateral	3.1
Company	Preamble
Confidential Information	11.13

End of Term Charge	2.6
Event of Default	9
Financial Statements	7.1
Indemnified Person	6.3
Lenders	Preamble
Liabilities	6.3
Maximum Rate	2.3
Participant Register	11.8
Payment Date	2.2(e)
Prepayment Charge	2.5
Publicity Materials	11.19
Register	11.7
SBA	7.16
SBIC	7.16
SBIC Act	7.16
Tranche 1 Advance	2.2(a)
Tranche 2 Advance	2.2(a)
Transfer	7.8

1.3 Unless otherwise specified, all references in this Agreement or any Annex or Schedule hereto to a “Section,” “subsection,” “Exhibit,” “Annex,” or “Schedule” shall refer to the corresponding Section, subsection, Exhibit, Annex, or Schedule in or to this Agreement. Unless otherwise specifically provided herein, any accounting term used in this Agreement or the other Loan Documents shall have the meaning customarily given such term in accordance with GAAP as in effect on the date hereof, and all financial computations hereunder shall be computed in accordance with GAAP as in effect on the date hereof, consistently applied. For purposes of the definition of “Indebtedness” (but not the preparation of financial statements in accordance with GAAP), all obligations of any Person that are or would have been treated as operating leases for purposes of GAAP prior to the effectiveness of FASB ASC 842 shall continue to be treated as operating leases (whether or not such operating lease obligations were in effect on such date) notwithstanding the fact that such obligations are required in accordance with FASB ASC 842 (on a prospective or retroactive basis or otherwise) to be treated as capital leases or finance leases. Unless otherwise defined herein or in the other Loan Documents, terms that are used herein or in the other Loan Documents and defined in the UCC shall have the meanings given to them in the UCC. For all purposes under the Loan Documents, in connection with any Division or plan of Division under Delaware law (or any comparable event under a different jurisdiction’s laws): (a) if any asset, right, obligation or liability of any Person becomes the asset, right, obligation or liability of a different Person, then it shall be deemed to have been transferred from the original Person to the subsequent Person and (b) if any new Person comes into existence, such new Person shall be deemed to have been organized on the first date of its existence by the holders of its Equity Interests at such time.

1.4 If at any time any change in GAAP would affect the computation of any financial requirement set forth in any Loan Document, and either Borrower or the Required Lenders shall so request, Agent, Lenders and Borrower shall negotiate in good faith to amend such requirement to preserve the original intent thereof in light of such change in GAAP; provided that, until so amended, such requirement shall continue to be computed in accordance with GAAP prior to such change.

1.5 Any reference in any Loan Document to a merger, transfer, consolidation, amalgamation, consolidation, assignment, sale, disposition or transfer, or similar term, shall be deemed to apply to a Division of or by a limited liability company, or an allocation of assets to a series of a limited liability company (or the unwinding of such a Division or allocation), as if it were a merger, transfer, consolidation, amalgamation, consolidation, assignment, sale or transfer, or similar term, as applicable, to, of or with a separate Person. Any Division of a limited liability company shall constitute a separate Person under the Loan Documents (and each Division of any limited liability company that is a Subsidiary, joint venture or any other like term shall also constitute such a Person or entity) on the first date of its existence. In connection with any Division, if any asset, right, obligation or liability of any Person becomes the asset, right, obligation or liability of a different Person, then such asset shall be deemed to have been transferred from the original Person to the subsequent Person.

SECTION 2. THE LOAN

2.1 [Reserved].

2.2 Term Loan Advances

(a) **Advances**.

(i) **Tranche 1**. Subject to the terms and conditions of this Agreement, (A) on the Closing Date, Lenders will severally (and not jointly) make, and Borrower agrees to draw, a Term Loan Advance in an aggregate principal amount equal to Ten Million Dollars (\$10,000,000), and (B) at any time beginning on the Closing Date and continuing through June 30, 2026, Borrower may request and Lenders shall severally (and not jointly) make one or more additional Term Loan Advances in minimum increments of Three Million Dollars (\$3,000,000) (or if less, the remaining amount of Term Loan Advances available to be drawn pursuant to this **Section 2.2(a)(i)(B)**) in an aggregate, when combined with the amount set forth in clause (A), principal amount up to Twenty-Five Million Dollars (\$25,000,000) (such Term Loan Advances, the “**Tranche 1 Advances**”).

(ii) **Tranche 2**. Subject to the terms and conditions of this Agreement, Borrower may request, and the Lenders shall severally (and not jointly) make, in each case, beginning on the Closing Date and continuing through the day prior to the Amortization Date, and conditioned on approval by Lenders’ investment committee in its sole and unfettered discretion, one or more additional Term Loan Advances in minimum increments of Three Million Dollars (\$3,000,000) (or if less, the remaining amount of Term Loan Advances available to be drawn pursuant to this **Section 2.2(a)(ii)**) in an aggregate principal amount up to Twenty-Five Million Dollars (\$25,000,000) (such Term Loan Advances, the “**Tranche 2 Advances**”).

(b) **Maximum Term Loan Amount**. The aggregate outstanding principal amount of Term Loan Advances shall not exceed the Maximum Term Loan Amount. After repayment, no Term Loan Advance (or any portion thereof) may be reborrowed.

(c) **Advance Request**. To obtain a Term Loan Advance, Borrower shall complete, sign and deliver an Advance Request (at least one (1) Business Day before the Closing Date and at least five (5) Business Days before each Advance Date other than the Closing Date) to Agent. Lenders shall fund the Term Loan Advance in the manner requested by the Advance Request provided that each of the conditions precedent set forth in **Section 4** and applicable to such Term

Loan Advance is satisfied as of the requested Advance Date. The proceeds of any Term Loan Advance shall be deposited into an account that is subject to an Account Control Agreement.

(d) Term Loan Interest Rate. The principal balance of each Term Loan Advance shall bear interest thereon from such Advance Date at the Term Loan Interest Rate based on a year consisting of three hundred sixty (360) days, with interest computed daily based on the actual number of days elapsed. The Term Loan Interest Rate will float and change on the day the Prime Rate changes from time to time.

(e) Payment. Borrower will pay accrued but unpaid interest on each Term Loan Advance on the first Business Day of each month (each such date, a "Payment Date"), beginning the month after the Advance Date. Borrower shall repay the aggregate principal balance of the Term Loan Advances that is outstanding on the day immediately preceding the Amortization Date, in equal monthly installments of principal and interest (mortgage style) beginning on the Amortization Date and continuing on the first Business Day of each month thereafter until the Secured Obligations (other than inchoate indemnity and reimbursement obligations which, by their terms, survive termination of this Agreement) are repaid. The entire principal balance of the Term Loan Advances and all accrued but unpaid interest hereunder, and all other Secured Obligations with respect to the Term Loan Advances, shall be due and payable on the Term Loan Maturity Date. Borrower shall make all payments under this Agreement without setoff, recoupment or deduction and regardless of any counterclaim or defense. If a payment hereunder becomes due and payable on a day that is not a Business Day, the due date thereof shall be the immediately subsequent Business Day. Agent or Lenders will initiate debit entries to Borrower's account as authorized on the ACH Authorization (i) on each Payment Date of all periodic obligations payable to Lenders under each Term Loan Advance and (ii) out-of-pocket legal fees and costs incurred by Agent or Lenders in connection with Section 11.12; provided that, with respect to clause (i) above, in the event that Lenders or Agent informs Borrower that Lenders will not initiate a debit entry to Borrower's account for a certain amount of the periodic obligations due on a specific Payment Date, Borrower shall pay to Lenders, such amount of periodic obligations in full in immediately available funds on such Payment Date; provided, further, that, with respect to clause (i) above, if Lenders or Agent informs Borrower that Lenders will not initiate a debit entry as described above later than the date that is three (3) Business Days prior to such Payment Date, Borrower shall pay to Lenders such amount of periodic obligations in full in immediately available funds on the date that is three (3) Business Days after the date on which Lenders or Agent notifies Borrower of such; provided, further, that, with respect to clause (ii) above, in the event that Lenders or Agent informs Borrower that Lenders will not initiate a debit entry to Borrower's account for specified out-of-pocket legal fees and costs incurred by Agent or Lenders, Borrower shall pay to Lenders such amount in full in immediately available funds within three (3) Business Days.

2.3 Maximum Interest. Notwithstanding any provision in this Agreement or any other Loan Document, it is the parties' intent not to contract for, charge or receive interest at a rate that is greater than the maximum rate permissible by law that a court of competent jurisdiction shall deem applicable hereto (which under the laws of the State of California shall be deemed to be the laws relating to permissible rates of interest on commercial loans) (the "Maximum Rate"). If a court of competent jurisdiction shall finally determine that Borrower has actually paid to Lenders an amount of interest in excess of the amount that would have been payable if all of the Secured Obligations had at all times borne interest at the Maximum Rate, then such excess interest actually paid by Borrower shall be applied as follows: first, to the payment of the Secured Obligations consisting of the outstanding principal; second, after all principal is repaid, to the payment of Lenders' accrued

interest, costs, expenses, professional fees and any other Secured Obligations; and third, after all Secured Obligations are repaid, the excess (if any) shall be refunded to Borrower.

2.4Default Interest. In the event any payment is not paid on the scheduled payment date, an amount equal to five percent (5%) of such past due amount shall be payable on demand. In addition, upon the occurrence and during the continuation of an Event of Default hereunder, all outstanding Secured Obligations, including principal, interest, compounded interest, and professional fees, shall bear interest at a rate per annum equal to the rate set forth in Section 2.2(d) plus five percent (5%) per annum. In the event any interest is not paid when due hereunder, delinquent interest shall be added to principal and shall bear interest on interest, compounded at the rate set forth in Section 2.2(d) or 2.4, as applicable.

2.5Prepayment.

(a) At its option, Borrower may prepay all or a portion of the outstanding Advances by paying the entire principal balance (or such portion thereof), all accrued and unpaid interest thereon, all unpaid Lender's fees and expenses due hereunder accrued to the date of the repayment (including, without limitation, the portion of the End of Term Charge applicable to the aggregate original principal amount of the Term Loan Advances being prepaid in accordance with Section 2.6(a)), together with a prepayment charge equal to the following percentage of the outstanding principal amount of such Advance amount being so prepaid: with respect to each Advance (a) if the principal amount of such Advance amounts are prepaid on or prior to the date which is twelve (12) months following the Closing Date, two percent (2.00%); (b) if the principal amount of such Advance amounts are prepaid after the date which is twelve (12) months following the Closing Date but on or prior to the date which is twenty-four (24) months following the Closing Date, one and one-half percent (1.50%); and (c) thereafter through the day before the Term Loan Maturity Date, one-half percent (0.50%) (each, a "Prepayment Charge"). Notwithstanding the foregoing, Agent and Lenders agree to waive the Prepayment Charge if (x) Agent and Lenders (in their sole and absolute discretion) agree in writing to refinance the Advances prior to the Term Loan Maturity Date, (y) if the Obligations are prepaid in full with the proceeds simultaneously with the consummation of (i) an Acquisition of Borrower or (ii) a Change in Control which qualifies as such under clause (a) or (b) of the definition thereof or (z) if Lenders fail to provide consent, waiver or amendment requested by Borrower in order to permit under the Loan Documents any collaboration agreement or any co-promotion transactions, collaborations, licensing, partnering or similar transactions or transaction described in clause (c) of the definition of Acquisition.

(b) Borrower agrees that the Prepayment Charge is a reasonable calculation of Lenders' lost profits in view of the difficulties and impracticality of determining actual damages resulting from an early repayment of the Advances. Any amounts paid under this Section shall be applied by Agent to the then unpaid amount of any outstanding Secured Obligations (including principal and interest) in such order and priority as Agent may choose in its sole discretion. For the avoidance of doubt, if a payment hereunder becomes due and payable on a day that is not a Business Day, the due date thereof shall be the immediately subsequent Business Day.

2.6End of Term Charge.

(a) On any date that Borrower partially prepays the outstanding Secured Obligations pursuant to Section 2.5, Borrower shall pay Lenders a charge equal to (i) (x) if the date of such prepayment is on or prior to the date which is twenty-four (24) months following the Closing Date, two and forty-five hundredths percent (2.45%) or (ii) (y) if the date of such prepayment is after the

date which is twenty-four (24) months following the Closing Date, four and three-quarters percent (4.75%) multiplied by (ii) the principal amount of such Term Loan Advances being prepaid.

(b) On the earliest to occur of (i) the Term Loan Maturity Date, (ii) the date that Borrower prepays the outstanding Secured Obligations (other than any inchoate indemnity and reimbursement obligations and any other obligations which, by their terms, are to survive the termination of this Agreement) in full, (iii) the date that the outstanding Secured Obligations become due and payable, or (iv) as required pursuant to Section 2.5, without duplication, Borrower shall pay Lenders a charge equal to charge equal to (I) (x) if the date of such prepayment is on or prior to the date which is twenty-four (24) months following the Closing Date, two and forty-five hundredths percent (2.45%) or (ii) (y) if the date of such prepayment is after the date which is twenty-four (24) months following the Closing Date, four and three-quarters percent (4.75%) multiplied by (II) the aggregate original principal amount of such Term Loan Advances made hereunder minus (III) the aggregate amount of payments made pursuant to Section 2.6(a) (the “End of Term Charge”).

(c) Notwithstanding the required payment date of such End of Term Charge, the applicable pro rata portion of the End of Term Charge shall be deemed earned by Lenders as of each date that an applicable Term Loan Advance is made. For the avoidance of doubt, if a payment hereunder becomes due and payable on a day that is not a Business Day, the due date thereof shall be the immediately subsequent Business Day.

2.7 Pro Rata Treatment. Each payment (including prepayment) on account of any fee and any reduction of the Term Loan Advances shall be made pro rata according to the Term Commitments of the relevant Lender.

2.8 Taxes; Increased Costs. Borrower, Agent and Lenders each hereby agree to the terms and conditions set forth on Addendum 1 attached hereto.

2.9 Treatment of Prepayment Charge and End of Term Charge. Borrower agrees that any Prepayment Charge and any End of Term Charge payable shall be presumed to be the liquidated damages sustained by each Lender as the result of the early termination, and Borrower agrees that it is reasonable under the circumstances currently existing and existing as of the Closing Date. The Prepayment Charge and the End of Term Charge shall also be payable in the event the Secured Obligations (and/or this Agreement) are satisfied or released by foreclosure (whether by power of judicial proceeding), deed in lieu of foreclosure, or by any other means. Each Loan Party expressly waives (to the fullest extent it may lawfully do so) the provisions of any present or future statute or law that prohibits or may prohibit the collection of the foregoing Prepayment Charge and End of Term Charge in connection with any such acceleration. Borrower agrees (to the fullest extent that each may lawfully do so): (a) each of the Prepayment Charge and the End of Term Charge is reasonable and is the product of an arm’s length transaction between sophisticated business people, ably represented by counsel; (b) each of the Prepayment Charge and the End of Term Charge shall be payable notwithstanding the then prevailing market rates at the time payment is made; (c) there has been a course of conduct between Lenders and Borrower giving specific consideration in this transaction for such agreement to pay the Prepayment Charge and the End of Term Charge as a charge (and not interest) in the event of prepayment or acceleration; and (d) Borrower shall be estopped from claiming differently than as agreed to in this Section. Borrower expressly acknowledges that its agreement to pay each of the Prepayment Charge and the End of Term Charge to Lenders as herein described was on the Closing Date and continues to be a material inducement to Lenders to provide the Term Loan Advances.

SECTION 3. SECURITY INTEREST

3.1 Grant of Security Interest. As security for the prompt and complete payment when due (whether on the payment dates or otherwise) of all the Secured Obligations, each Borrower grants to Agent a security interest in all of such Borrower's right, title, and interest in, to and under all of such Borrower's personal property and other assets including without limitation the following (except as set forth herein) whether now owned or hereafter acquired (collectively, the "Collateral"): (a) Receivables; (b) Equipment; (c) Fixtures; (d) General Intangibles (including Intellectual Property); (e) Inventory; (f) Investment Property; (g) Deposit Accounts; (h) Cash; (i) Goods; and all other tangible and intangible personal property of such Borrower whether now or hereafter owned or existing, leased, consigned by or to, or acquired by, Borrower and wherever located, and any of such Borrower's property in the possession or under the control of Agent; and, to the extent not otherwise included, all Proceeds of each of the foregoing and all accessions to, substitutions and replacements for, and rents, profits and products of each of the foregoing.

3.2 Notwithstanding the broad grant of the security interest set forth in Section 3.1, above, the Collateral shall not include (a) any "intent to use" trademarks at all times prior to the first use thereof, whether by the actual use thereof in commerce, the recording of a statement of use with the United States Patent and Trademark Office or otherwise, provided, that upon submission and acceptance by the United States Patent and Trademark Office of an amendment to allege use of an intent-to-use trademark application pursuant to 15 U.S.C. Section 1060(a) (or any successor provision) such intent-to-use application shall constitute Collateral, (b) nonassignable licenses or contracts, which by their terms require the consent of the licensor thereof or another party (but only to the extent such prohibition on transfer is enforceable under applicable law, including, without limitation, Sections 9406, 9407 and 9408 of the UCC), (c) any Excluded Account, (d) any property, right or asset held by any Borrower to the extent the grant of a security interest therein is prohibited by applicable law, provided that upon the cessation of any such restriction or prohibition, such property shall automatically be included in the Collateral, (e) margin stock, (f) motor vehicles and assets subject to a certificate of title except to the extent a security interest therein can be perfected by the filing of a UCC financing statement, (g) any license (including a Material License), agreement or contract if the granting of a Lien in such license, agreement or contract is prohibited by or would constitute a default thereunder (but (A) only to the extent such prohibition is enforceable under applicable law and (B) other than to the extent that any such term would be rendered ineffective pursuant to Sections 9406, 9407 or 9409 of the UCC; provided that upon the termination, lapsing or expiration of any such prohibition, such license, agreement or contract, as applicable, shall automatically be subject to the security interest granted in favor of Agent hereunder and become part of the "Collateral"), (h) Equipment (including additions and accessions thereto and the proceeds thereof) that is subject to a Lien that is otherwise permitted pursuant to subsection (vii) of the definition of "Permitted Liens" if the holder of such Lien has expressly prohibited Borrower in writing from granting Liens on such property in favor of third parties, (i) the Licensed Antibodies, the Existing Patents, Licensor Background Know-How, Licensor Program Patents, Licensor Program Know-How, Licensor Background Patents, Joint Program Patents, Joint Program Know-How, Regulatory Approvals, Regulatory Documentation or Licensed Products, in each case as such terms are defined in the AbbVie Agreement; (j) any assets or rights relating to any Licensed Antibody, Licensed Product, Alector Patent, Alector Know-How, Alector Intellectual Property or Collaboration Intellectual Property, in each case as such terms are defined in the GSK Agreement; (k) any assets or Intellectual Property to the extent that the inclusion thereof in the Collateral would result in a breach or default under any Material License; provided that upon the termination, lapsing or expiration of any such prohibition or Material License, as applicable, shall automatically be subject to the security interest granted in favor of Agent hereunder and become part of the

“Collateral”; (l) Intellectual Property that is co-owned with a Person that is not a Loan Party or an Affiliate of a Loan Party to the extent prohibited by any agreement between Borrower and such Person at the time of entry into such agreement and so long as such prohibition did not arise in contemplation of this Agreement; provided that upon the termination, lapsing or expiration of any such prohibition or agreement, as applicable, shall automatically be subject to the security interest granted in favor of Agent hereunder and become part of the “Collateral”; or (m) more than sixty-five percent (65%) of the presently existing and hereafter arising issued and outstanding Equity Interests directly owned by any Loan Party of any Foreign Subsidiary (as determined under U.S. federal income Tax principles) which Equity Interests entitle the holder thereof to vote for directors or any other matter, if Borrower demonstrates to the reasonable satisfaction of Agent that a pledge and security interest in more than sixty-five percent (65%) of the presently existing and hereafter arising issued and outstanding Equity Interests would create a present and existing adverse tax consequence to Borrower under the Code.

SECTION 4. CONDITIONS PRECEDENT TO LOAN

The obligations of Lenders to make the Loan hereunder are subject to the satisfaction by Borrower of the following conditions:

4.1 Initial Advance. On or prior to the Closing Date, Borrower shall have delivered to Agent the following:

(a) duly executed copies of the Loan Documents, and all other documents and instruments reasonably required by Agent to effectuate the transactions contemplated hereby or to create and perfect the Liens of Agent with respect to all Collateral, in all cases in form and substance reasonably acceptable to Agent;

(b) duly executed Account Control Agreement(s) with respect to each Deposit Account maintained by Borrower at UBS;

(c) a legal opinion of Borrower’s counsel in form and substance reasonably acceptable to Agent;

(d) copy of resolutions of each Borrower’s Board of Directors, certified by an officer of such Borrower, evidencing (i) approval of the Loan and other transactions evidenced by the Loan Documents, (ii) authorizing a specified person or persons to execute the Loan Documents to which it is a party on its behalf, (iii) authorizing a specified person or persons, on its behalf, to sign and/or dispatch all documents and notices (including, if relevant, any Advance Request or other relevant notice) to be signed and/or dispatched by it under or in connection with the Loan Documents to which it is a party, and (iv) acknowledging that the Board of Directors are acting for a proper purpose and that the Loan Documents are in the best interests of that Borrower and for its commercial benefit;

(e) certified copies of the Charter of Borrower, certified by the Secretary of State of the applicable jurisdiction of organization and the other Organizational Documents, as amended through the Closing Date, of Borrower;

(f) a certificate of good standing for Borrower from its jurisdiction of organization and similar certificates from all other jurisdictions in which it does business and where the failure to be qualified could have a Material Adverse Effect;

(g) certified copies, dated as of a recent date, of searches for financing statements;

(h) filed in the central filing office of the State of Delaware, accompanied by written evidence (including any UCC termination statements) that the Liens on any Collateral indicated in any such financing statements either constitute Permitted Liens or have been or, in connection with the initial Term Loan Advance, will be terminated or released;

(i) payment of the Commitment Charge, Initial Facility Charge and reimbursement of Agent's and Lenders' current expenses reimbursable pursuant to this Agreement, which amounts may be deducted from the initial Advance;

(j) a duly executed copy of the Perfection Certificate and each exhibit and addendum thereto;

(k) all certificates of insurance and copies of each insurance policy required hereunder;

(i) the certificates (if any) representing the Equity Interests required to be pledged pursuant to the Pledge Agreement, together with an undated stock power or similar instrument of transfer for each such certificate endorsed in blank by a duly authorized officer of the pledgor thereof, and (ii) each material debt instrument (if any) endorsed (without recourse) in blank (or accompanied by a transfer form endorsed in blank) by the pledgor thereof required to be pledged to Agent under the Pledge Agreement;

(l) all reports, declarations and forms required by the SBA, including but not limited to SBA 652, SBA 1031 and SBA 480 to the extent provided by Agent; and

(m) such other documents as Agent may reasonably request.

4.2 All Advances. On each Advance Date:

(a) Agent shall have received (i) an Advance Request for the relevant Advance as required by Section 2.2(c), duly executed by Borrower's Chief Executive Officer or Chief Financial Officer and (ii) any other documents Agent may reasonably request;

(b) The representations and warranties set forth in this Agreement shall be true and correct in all material respects on and as of the applicable Advance Date with the same effect as though made on and as of such date, except to the extent such representations and warranties expressly relate to an earlier date;

(c) Borrower shall be in compliance with all the terms and provisions set forth herein and in each other Loan Document on its part to be observed or performed;

(d) With respect to any Advance (other than the Tranche 1 Advance) made available on such Advance Date, the Loan Parties shall have paid the Tranche Facility Charge applicable to such Advance; and

(e) Each Advance Request shall be deemed to constitute a representation and warranty by Borrower on the relevant Advance Date as to the matters specified in Section 4.2(b), Section 4.2(c) and Section 4.4 and as to the matters set forth in the Advance Request.

4.3 [Reserved].

4.4No Default. As of the Closing Date and at the time of and immediately after each Advance Date, (i) no fact or condition exists that could (or could, with the passage of time, the giving of notice, or both) constitute an Event of Default, (ii) no event that has had or could reasonably be expected to have a Material Adverse Effect has occurred and is continuing and (iii) there has been no material adverse deviation by Borrower from the most recent business plan of Borrower presented to and accepted by Agent.

SECTION 5. REPRESENTATIONS AND WARRANTIES OF BORROWER

Borrower represents and warrants that:

5.1Corporate Status; Execution and Delivery; Binding Effect. Each Borrower is a corporation or limited liability company duly organized, legally existing and in good standing under the laws of its jurisdiction of incorporation or formation, and is duly qualified as a foreign corporation, limited liability company or partnership, as the case may be, in all jurisdictions in which the nature of its business or location of its properties require such qualifications and where the failure to be qualified could reasonably be expected to have a Material Adverse Effect. Borrower's present name, former names (if any), locations, place of formation, tax identification number, organizational identification number and other information are correctly set forth in Exhibit B, as may be updated by Borrower in a written notice (including any Compliance Certificate) provided to Agent after the Closing Date in accordance with this Agreement. This Agreement has been, and each other Loan Document, when delivered hereunder, will have been, duly executed and delivered by the Borrower. This Agreement constitutes, and each other Loan Document when so delivered will constitute, a legal, valid and binding obligation of Borrower, enforceable against Borrower in accordance with its terms, except as such enforceability may be limited by bankruptcy, insolvency, reorganization, receivership, moratorium or other laws affecting creditors' rights generally and by general principles of equity (regardless of whether enforcement is sought in equity or at law).

5.2Collateral. Borrower owns or otherwise has the rights to use the Collateral, free of all Liens, except for Permitted Liens. Borrower has the power and authority to grant to Agent a Lien in the Collateral as security for the Secured Obligations.

5.3Consents. Borrower's execution, delivery and performance of this Agreement and all other Loan Documents to which it is a party, (i) have been duly authorized by all necessary action of Borrower in accordance with its Organizational Documents and applicable law, (ii) will not result in the creation or imposition of any Lien upon the Collateral, other than Permitted Liens, (iii) do not violate any provisions of Borrower's Organizational Documents or any, law, regulation, order, injunction, judgment, decree or writ to which Borrower is subject and (iv) except as described on Schedule 5.3, do not violate any Material Agreement or require the consent or approval of any other Person or Governmental Authority which has not already been obtained. The individual or individuals executing the Loan Documents on behalf of Borrower are duly authorized to do so.

5.4Material Adverse Effect. No event that has had or could reasonably be expected to have a Material Adverse Effect has occurred and is continuing. Borrower is not aware of any event or circumstance that is likely to occur that is reasonably expected to result in a Material Adverse Effect.

5.5Actions Before Governmental Authorities. There are no actions, suits, claims, disputes or proceedings at law or in equity or by or before any Governmental Authority now pending

or, to the knowledge of Borrower, threatened in writing against or affecting Borrower or its property, that could reasonably be expected to result in a Material Adverse Effect.

5.6 Laws.

(a) Neither Borrower nor any of its Subsidiaries is in violation of any law, rule or regulation, or in default with respect to any judgment, writ, injunction or decree of any Governmental Authority to which Borrower or such Subsidiaries are subject, where such violation or default could reasonably be expected to result in a Material Adverse Effect. Borrower is not in default in any manner under any provision of any agreement or instrument evidencing material Indebtedness, or any other Material Agreement to which it is a party or by which it is bound.

(b) Neither Borrower nor any of its Subsidiaries is an “investment company” a company that would be an “investment company” except for the exclusion from the definition of “investment company” in Section 3(c) of the Investment Company Act of 1940, as amended (the “1940 Act”), or a company “controlled” by an “investment company” under the 1940 Act. Neither Borrower nor any of its Subsidiaries is engaged as one of its important activities in extending credit for margin stock (under Regulations X, T and U of the Federal Reserve Board of Governors). Borrower and each of its Subsidiaries has complied in all material respects with the Federal Fair Labor Standards Act. Neither Borrower nor any of its Subsidiaries is a “holding company” or an “affiliate” of a “holding company” or a “subsidiary company” of a “holding company” as each term is defined and used in the Public Utility Holding Company Act of 2005. Neither Borrower’s nor any of its Subsidiaries’ properties or assets have been used by Borrower or such Subsidiary or, to Borrower’s knowledge, by previous Persons, in disposing, producing, storing, treating, or transporting any hazardous substance other than in material compliance with applicable laws. Borrower and each of its Subsidiaries has obtained all consents, approvals and authorizations of, made all declarations or filings with, and given all notices to, all Governmental Authorities that are necessary to continue their respective businesses as currently conducted.

(c) None of Borrower or any of its Subsidiaries, or any of Borrower’s or its Subsidiaries’ Affiliates or any of their respective agents acting or benefiting in any capacity in connection with the transactions contemplated by this Agreement is (i) in violation of any Anti-Terrorism Law, (ii) engaging in or conspiring to engage in any transaction that evades or avoids, or has the purpose of evading or avoiding or attempts to violate, any of the prohibitions set forth in any Anti-Terrorism Law, or (iii) is a Blocked Person. None of Borrower, any of its Subsidiaries, or (to the knowledge of Borrower) any of their Affiliates or agents acting or benefiting in any capacity in connection with the transactions contemplated by this Agreement, (x) conducts any business or engages in making or receiving any contribution of funds, goods or services to or for the benefit of any Blocked Person, or (y) deals in, or otherwise engages in any transaction relating to, any property or interest in property blocked pursuant to Executive Order No. 13224, any similar executive order or other Anti-Terrorism Law. None of the funds to be provided under this Agreement will be used, directly or indirectly, (a) for any activities in violation of any applicable anti-money laundering, economic sanctions and anti-bribery laws and regulations or (b) for any payment to any governmental official or employee, political party, official of a political party, candidate for political office, or anyone else acting in an official capacity, in order to obtain, retain or direct business or obtain any improper advantage, in violation of the United States Foreign Corrupt Practices Act of 1977, as amended.

5.7 Information Correct and Current. No information, report, Advance Request, financial statement, exhibit or schedule furnished, by or on behalf of Borrower to Agent in

connection with any Loan Document or included therein or delivered pursuant thereto (in each case, other than forecasts, projections and other forward-looking statements and information of a general economic or industry nature) when taken as a whole, contains or will contain at the time made or furnished any material misstatement of fact or, when taken as a whole and together with all other such information or documents, omitted, omits or will omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were, are or will be made, not materially misleading at the time such statement was made or deemed made. Additionally, any and all financial or business projections provided by Borrower to Agent, whether prior to or after the Closing Date, shall be (i) provided in good faith and based on the most current data and information available to Borrower, and (ii) the most current of such projections provided to Borrower's Board of Directors; provided that, with respect to projected financial information, Borrower represents only that such information was prepared in good faith based upon assumptions believed to be reasonable at the time (it being understood that such projected financial information are subject to significant uncertainties and contingencies and that no assurances can be given that any particular projected financial information will be realized and that variances between actual results and projected financial results can be material).

5.8Tax Matters. Except as set forth on Schedule 5.8, (a) Borrower and its Subsidiaries have filed all U.S. federal and state income Tax returns and other material Tax returns that they are required to file (taking into account any valid extension), (b) Borrower and its Subsidiaries have duly paid all U.S. federal and state income Taxes and other material Taxes that they are required to pay, except Taxes being contested in good faith by appropriate proceedings and for which Borrower and its Subsidiaries maintain adequate reserves in accordance with GAAP, and (c) to Borrower's knowledge, there are no pending Tax assessments, deficiencies, audits or other proceedings with respect to Borrower or any Subsidiary, in each case to the extent such failure to file or pay or such proceeding had, or could reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect.

5.9Intellectual Property Claims. Borrower is the sole owner of, or otherwise has the right to use, the Intellectual Property material to Borrower's business. Except as described on Schedule 5.9, (i) to the best of Borrower's knowledge, each of the material Copyrights, Trademarks and Patents owned by Borrower is valid and enforceable, (ii) no material part of the Intellectual Property has been judged invalid or unenforceable, in whole or in part, and (iii) no claim has been made to Borrower that the ownership of or use of any material part of such Intellectual Property violates the rights of any third party. Exhibit C (and as may be updated by Borrower in a written notice (including a Compliance Certificate) provided from time to time after the Closing Date) is a true, correct and complete list of each of Borrower's registered Patents, registered Trademarks, registered Copyrights, and Material Agreements under which Borrower licenses Intellectual Property from third parties (other than commercially available licenses, shrink-wrap licenses, label licenses or other than "off-the-shelf" licenses or open-source software), together with application or registration numbers, as applicable, owned by Borrower or any Subsidiary. Borrower is not in material breach of, nor has Borrower failed to perform any material obligations under, any of the foregoing contracts, licenses or agreements and, to Borrower's knowledge, no third party to any such contract, license or agreement is in material breach thereof or has failed to perform any material obligations thereunder.

5.10Intellectual Property.

(a) Except as described on Schedule 5.10, to the best of Borrower's knowledge Borrower has all material rights with respect to Intellectual Property necessary or material in the

operation or conduct of Borrower's business as currently conducted and proposed to be conducted by Borrower. Without limiting the generality of the foregoing, except for restrictions that are unenforceable under Division 9 of the UCC or otherwise permitted under this Agreement with respect to Licenses, Borrower has the right, to the extent required to operate Borrower's business, to freely transfer, license or assign Intellectual Property necessary or material in the operation or conduct of Borrower's business as currently conducted and proposed to be conducted by Borrower, without condition, restriction or payment of any kind (other than license payments in the ordinary course of business) to any third party, and to the best of Borrower's knowledge, Borrower owns or has the right to use, pursuant to valid licenses, all software development tools, library functions, compilers and all other third-party software and other items that are material in the operation or conduct of Borrower's business and used in the design, development, promotion, sale, license, manufacture, import, export, use or distribution of Borrower Products except customary covenants in inbound license agreements and equipment leases where Borrower is the licensee or lessee. Except as disclosed on Schedule 5.10, Borrower is not a party to, nor is it bound by, any Restricted License.

(b) No material software or other materials used by Borrower or any of its Subsidiaries (or used in any Borrower Products or any Subsidiaries' products) are subject to an open-source or similar license (including but not limited to the General Public License, Lesser General Public License, Mozilla Public License, or Affero License) in a manner that would cause such software or other materials to have to be (i) distributed to third parties at no charge or a minimal charge (royalty-free basis); (ii) licensed to third parties to modify, make derivative works based on, decompile, disassemble, or reverse engineer; or (iii) used in a manner that requires disclosure or distribution in source code form.

(c) There are no material unpaid fees or royalties under any Material Agreements that have become overdue. Each Material Agreement is in full force and effect and is legal, valid, binding, and enforceable in accordance with its respective terms, except as may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws relating to or limiting creditors' rights generally or by equitable principles relating to enforceability (regardless of whether enforcement is sought in equity or at law). Except as set forth on Schedule 5.10(c), to the knowledge of Borrower, neither Borrower nor any of its Subsidiaries, as applicable, is in breach of or default in any manner that could reasonably be expected to materially affect the Borrower Products under any Material Agreement to which it is a party, and no circumstances or grounds exist that would give rise to a claim of breach or right of rescission, termination or nonrenewal of any of the Material Agreements, including the execution, delivery and performance of this Agreement and the other Loan Documents.

5.11 Borrower Products. Except as set forth on Schedule 5.11, no Intellectual Property owned by Borrower and material to Borrower's business or Borrower Product has been or is subject to any actual or, to the knowledge of Borrower, threatened in writing litigation, proceeding (including any proceeding in the United States Patent and Trademark Office or any corresponding foreign office or agency) or outstanding decree, order, judgment, settlement agreement or stipulation that restricts in any manner Borrower's use, transfer or licensing thereof or that may affect the validity, use or enforceability thereof. There is no decree, order, judgment, agreement, stipulation, arbitral award or other provision entered into in connection with any litigation or proceeding that obligates Borrower to grant licenses or ownership interest in any future Intellectual Property related to the operation or conduct of the business of Borrower or Borrower Products. Borrower has not received any written notice or claim, or, to the knowledge of Borrower, oral notice or claim, challenging or questioning Borrower's ownership in any Intellectual Property material to

Borrower's business (or written notice of any claim challenging or questioning the ownership in any licensed Intellectual Property of the owner thereof) or suggesting that any third party has any claim of legal or beneficial ownership with respect thereto and wherein to Borrower's knowledge, there would be a reasonable basis for any such claim. To the knowledge of any Responsible Officer of Borrower, neither Borrower's use of its Intellectual Property for development of Borrower Products nor the production and sale of Borrower Products infringes the intellectual property or other rights of others.

5.12 Financial Accounts. Exhibit D, as may be updated by Borrower in a written notice provided to Agent after the Closing Date (and shall be deemed updated with information provided in any Compliance Certificate), is a true, correct and complete list of (a) all banks and other financial institutions at which Borrower or any Subsidiary maintains Deposit Accounts and (b) all institutions at which Borrower or any Subsidiary maintains an account holding Investment Property, and such exhibit correctly identifies the name, address and telephone number of each bank or other institution, the name in which the account is held, a description of the purpose of the account, and the complete account number therefor.

5.13 Employee Loans. Except for loans constituting Permitted Investments or as described on Schedule 5.13, Borrower has no outstanding loans to any employee, officer or director of Borrower nor has Borrower guaranteed the payment of any loan made to an employee, officer or director of Borrower by a third party.

5.14 Capitalization and Subsidiaries. Borrower's (other than Company) capitalization as of the Closing Date is set forth on Schedule 5.14 annexed hereto. Borrower does not own any stock, partnership interest or other securities of any Person, except for Permitted Investments. Attached as Schedule 5.14, as may be updated by Borrower in a written notice provided after the Closing Date and which shall be deemed updated with information provided in any Compliance Certificate, is a true, correct and complete list of each Subsidiary.

5.15 Solvency. The fair salable value of Borrower's consolidated assets (including goodwill minus disposition costs) exceeds the fair value of Borrower's liabilities; Borrower is not left with unreasonably small capital after the transactions in this Agreement; and Borrower and each of its Subsidiaries are able to pay their debts (including trade debts) as they mature. The amount of any contingent liability at any time shall be computed as the amount that would reasonably be expected to become an actual and matured liability.

SECTION 6. INSURANCE; INDEMNIFICATION

6.1 Coverage. Borrower shall cause to be carried and maintained commercial general liability insurance covering Borrower and its Subsidiaries, on an occurrence form, against risks and in such amounts customarily insured against in Borrower's line of business. Such risks shall include the risks of bodily injury, including death, property damage, personal injury, advertising injury, and contractual liability per the terms of the indemnification agreement found in Section 6.3. Borrower must maintain a minimum of Four Million Dollars (\$4,000,000) of commercial general liability insurance for each occurrence. Borrower maintains and shall continue to maintain a minimum of Four Million Dollars (\$4,000,000) of directors' and officers' insurance for each occurrence and Ten Million Dollars (\$10,000,000) in the aggregate. So long as there are any Secured Obligations outstanding (other than inchoate indemnity and reimbursement obligations which, by their terms, survive termination of this Agreement), Borrower shall also cause to be carried and maintained insurance upon the business and assets of Borrower and its Subsidiaries, insuring against all risks of

physical loss or damage howsoever caused, in an amount not less than the full replacement cost of the Collateral, provided that such insurance may be subject to standard exceptions and deductibles. If Borrower fails to obtain the insurance called for by this Section 6.1 or fails to pay any premium thereon or fails to pay any other amount which Borrower is obligated to pay under this Agreement or any other Loan Document or which may be required to preserve the Collateral, Agent may obtain such insurance or make such payment, and all amounts so paid by Agent are immediately due and payable, bearing interest at the then highest rate applicable to the Secured Obligations, and secured by the Collateral. Agent will make reasonable efforts to provide Borrower with notice of Agent obtaining such insurance at the time it is obtained or within a reasonable time thereafter. No payments by Agent are deemed an agreement to make similar payments in the future or Agent's waiver of any Event of Default.

6.2Certificates. Borrower shall deliver to Agent certificates of insurance that evidence Borrower's compliance with its insurance obligations in Section 6.1 and the obligations contained in this Section 6.2. Borrower's insurance certificate shall reflect Agent (shown as "Hercules Capital, Inc., as Agent, and its successors and/or assigns") is an additional insured for commercial general liability, a lenders loss payable for all risk property damage insurance, subject to the insurer's approval, and a lenders loss payable for property insurance and additional insured for liability insurance for any future insurance that Borrower may acquire from such insurer. Attached to the certificates of insurance will be additional insured endorsements for liability and lender's loss payable endorsements for all risk property damage insurance. All certificates of insurance will provide for a minimum of thirty (30) days advance written notice to Agent of cancellation (other than cancellation for non-payment of premiums, for which ten (10) days' advance written notice shall be sufficient) or any other change adverse to Agent's interests. Any failure of Agent to scrutinize such insurance certificates for compliance is not a waiver of any of Agent's rights, all of which are reserved. Upon entering into or amending any insurance policy required hereunder, Borrower shall, in the then-next Compliance Certificate delivered in accordance with Section 7.1(d), provide Agent with copies of each insurance policy, and upon entering into or amending any insurance policy required hereunder (other than immaterial amendments), Borrower shall provide Agent with copies of such policies and shall promptly deliver to Agent updated insurance certificates with respect to such policies.

6.3Indemnity. Borrower agrees to indemnify and hold Agent, Lenders and their officers, directors, employees, agents, in-house attorneys, representatives and shareholders (each, an "Indemnified Person") harmless from and against any and all third-party claims, costs, expenses, damages and liabilities (including such claims, costs, expenses, damages and liabilities based on liability in tort, including strict liability in tort), including reasonable attorneys' fees and disbursements and other costs of investigation or defense (including those incurred upon any appeal) (collectively, "Liabilities"), that may be instituted or asserted against or incurred by such Indemnified Person as the result of credit having been extended, suspended or terminated under this Agreement and the other Loan Documents or the administration of such credit, or in connection with or arising out of the transactions contemplated hereunder and thereunder, or any actions or failures to act in connection therewith, or arising out of the disposition or utilization of the Collateral, excluding in all cases Liabilities to the extent such Liabilities arise directly out of gross negligence or willful misconduct of any Indemnified Person or changes in income tax rates. This Section 6.3 shall not apply with respect to Taxes other than any Taxes that represent losses, claims, damages, etc. arising from any non-Tax claim. In no event shall any Indemnified Person be liable on any theory of liability for any special, indirect, consequential or punitive damages (including any loss of profits, business or anticipated savings). This Section 6.3 shall survive the repayment of

indebtedness under, and otherwise shall survive the expiration or other termination of, this Agreement, in each case, subject to the applicable statute of limitations.

SECTION 7. COVENANTS OF BORROWER

Borrower agrees as follows:

7.1 Financial Reports. Borrower shall furnish to Agent the financial statements and reports listed hereinafter (the “Financial Statements”):

(a) as soon as practicable (and in any event within thirty (30) days) (or such longer period as may be agreed by Agent in its sole discretion) after the end of each month, unaudited interim and year-to-date financial statements as of the end of such month (prepared on a consolidated and consolidating basis, if prepared), consisting of a balance sheet and related statement of income, all certified by a duly authorized officer of Borrower to the effect that they have been prepared in accordance with GAAP, except (i) for the absence of footnotes, (ii) that they are subject to normal year-end adjustments, and (iii) they do not contain certain non-cash items that are customarily included in quarterly and annual financial statements;

(b) as soon as practicable (and in any event within forty-five (45) days after the end of each calendar quarter (other than the last quarter of each fiscal year)), unaudited interim and year-to-date financial statements as of the end of such fiscal quarter (prepared on a consolidated and consolidating basis, if prepared), including balance sheet and related statements of income and cash flows, certified by a duly authorized officer of Borrower to the effect that they have been prepared in accordance with GAAP, except (i) for the absence of footnotes, and (ii) that they are subject to normal year-end adjustments;

(c) as soon as practicable (and in any event within ninety (90) days) after the end of each fiscal year, audited financial statements as of the end of such year (prepared on a consolidated basis), including balance sheet and related statements of income and cash flows, and setting forth in comparative form the corresponding figures for the preceding fiscal year, certified without qualification by a firm of independent certified public accountants selected by Borrower and reasonably acceptable to Agent, accompanied by any management report from such accountants;

(d) as soon as practicable (and in any event within thirty (30) days after the end of each calendar month), a Bringdown Certificate;

(e) as soon as practicable (and in any event within forty-five (45) days after the end of the first three calendar quarters and within ninety (90) days after the end of the fourth fiscal quarter of each fiscal year (or such longer period as may be agreed by Agent in its sole discretion), a Compliance Certificate;

(f) as soon as practicable (and in any event within forty (40) days) after the end of each month, a report showing aging of accounts payable;

(g) promptly after the sending or filing thereof, as the case may be, copies of any proxy statements, financial statements, information or reports that Company has made available to holders of its common stock and copies of any regular, periodic and special reports or registration statements that Company files with the Securities and Exchange Commission or any Governmental Authority that may be substituted therefor, or any national securities exchange;

(h) together with the next quarterly Compliance Certificate, copies of any material Governmental Approvals obtained by Borrower or any of its Subsidiaries;

(i) together with the next quarterly Compliance Certificate, copies of all final minutes and materials that Company provides to its directors in connection with any meetings of the full Board of Directors, provided that in all cases Borrower may exclude (A) confidential compensation information, (B) information or materials that are subject to attorney-client privilege or attorney work product, (C) proprietary information or information in respect of which Borrower owes confidentiality obligations to a third party that, would be breached if not excluded (after giving account to the confidentiality obligations of Agent as set forth in Section 11.13) and (D) materials or information relating to Agent or Lenders or Borrower's strategy with respect to the Loans;

(j) financial and business projections promptly following their approval by Company's Board of Directors, and in any event, within thirty (30) days after the end of Borrower's fiscal year, as well as budgets, operating plans and other financial information reasonably requested by Agent;

(k) insurance renewal statements, annually or otherwise promptly upon renewal of insurance policies required to be maintained in accordance with Section 6.1;

(l) prompt notice of any legal process against Borrower or any Subsidiary that is reasonably likely to result in damages, expenses or liabilities in excess of Five Hundred Thousand Dollars (\$500,000); and

(m) prompt (but in any event no more than two (2) Business Days') notice if Borrower or any Subsidiary has knowledge that Borrower, or any Subsidiary or Affiliate of Borrower, is listed on the OFAC Lists or (a) is convicted on, (b) pleads *nolo contendere* to, (c) is indicted on, or (d) is arraigned and held over on charges involving money laundering or predicate crimes to money laundering.

Borrower shall not (without the consent of Agent) make any change in its (a) accounting policies or reporting practices except as required by GAAP or the rules and regulations of the Securities and Exchange Commission, or (b) fiscal years or fiscal quarters. The fiscal year of Borrower shall end on December 31.

Except as set forth in the next paragraph, the executed Compliance Certificate, and all Financial Statements required to be delivered hereunder shall be sent per instructions (i) specified on Addendum 2 or (ii) otherwise provided by Agent to Borrower via a written notice from time to time.

Notwithstanding the foregoing, documents required to be delivered under Sections 7.1(a), (b), (c) or (f) (to the extent any such documents are included in materials otherwise filed with the SEC) may be delivered electronically and if so delivered, shall be deemed to have been delivered on the date on which Company posts such documents on its website; provided that, upon request of Agent, Borrower shall directly provide Agent all Financial Statements required to be delivered pursuant to Section 7.1(b) and (c) hereunder.

7.2 Management Rights. Borrower shall permit any representative that Agent or Lenders authorizes, including its attorneys and accountants, to inspect the Collateral and examine and make copies and abstracts of the books of account and records of Borrower at reasonable times and upon reasonable notice during normal business hours; provided, however, that so long as no Event of Default has occurred and is continuing, such examinations shall be limited to no more often than twice per fiscal year. In addition, in connection with such inspections, any such representative

shall have the right to meet with management and officers of Borrower to discuss such books of account and records. In addition, Agent or Lenders shall be entitled at reasonable times and intervals to consult with and advise the management and officers of Borrower concerning significant business issues affecting Borrower. Such consultations shall not unreasonably interfere with Borrower's business operations. The parties intend that the rights granted Agent and Lenders shall constitute "management rights" within the meaning of 29 C.F.R. Section 2510.3-101(d)(3)(ii), but that any advice, recommendations or participation by Agent or Lenders with respect to any business issues shall not be deemed to give Agent or Lenders, nor be deemed an exercise by Agent or Lenders of, control over Borrower's management or policies.

7.3Further Assurances. Borrower shall, and shall cause each other Loan Party to, from time to time execute, deliver and file, alone or with Agent, any financing statements, security agreements, collateral assignments, notices, control agreements, promissory notes or other documents to perfect, give the highest priority to Agent's Lien (subject to Permitted Liens) on the Collateral or otherwise evidence Agent's rights herein. Borrower shall from time to time procure any instruments or documents as may be reasonably requested by Agent, and take all further action that may be necessary, or that Agent may reasonably request, to perfect and protect the Liens granted hereby or pursuant to applicable Loan Documents. In addition, and for such purposes only, Borrower hereby authorizes Agent to execute and deliver on behalf of Borrower and to file such financing statements (including an indication that the financing statement covers "all assets or all personal property" of Borrower in accordance with Section 9504 of the UCC), collateral assignments, notices, control agreements, security agreements and other documents without the signature of Borrower either in Agent's name or in the name of Agent as agent and attorney-in-fact for Borrower. Borrower shall protect and defend Borrower's title to the Collateral and Agent's Lien thereon against all Persons claiming any interest adverse to Borrower or Agent other than Permitted Liens.

7.4Indebtedness. Borrower shall not create, incur, assume, guarantee or be or remain liable with respect to any Indebtedness, or permit any Subsidiary to do so, other than Permitted Indebtedness, or voluntarily prepay, or voluntarily impose on Borrower an obligation to prepay, any Indebtedness, except for (a) Indebtedness permitted by clauses (i), (ii), (iii), (iv), (vii), (ix), and (xiv) of the defined term "Permitted Indebtedness", (b) the conversion of Indebtedness into Equity Securities and the payment, not to exceed Fifty Thousand Dollars (\$50,000), of cash in lieu of fractional shares in connection with such conversion, (b) purchase money Indebtedness pursuant to its then applicable payment schedule, (c) prepayment by any Subsidiary of (i) intercompany Indebtedness owed by such Subsidiary to any Borrower, or (ii) if such Subsidiary is not a Borrower, intercompany Indebtedness owed by such Subsidiary to another Subsidiary that is not a Borrower or (iii) prepayment of intercompany Indebtedness owed by a Borrower to another Borrower, (d) payments made on Subordinated Indebtedness to the extent permitted under the relevant subordination agreement, (e) payments, deliveries and the performance of any other obligation in respect of Permitted Convertible Debt in accordance with the terms of the indenture governing such Permitted Convertible Debt and subject to the restrictions set forth in Section 7.24, or (f) as otherwise permitted hereunder or approved in writing by Agent.

7.5Collateral. Borrower shall at all times (a) keep the Collateral and all other property and assets used in Borrower's business or in which Borrower now or hereafter holds any interest free and clear from any Liens whatsoever (except for Permitted Liens), and (b) shall give Agent prompt written notice of any legal process affecting the Collateral, such other property and assets, or any Liens thereon, provided however, that the Collateral and such other property or assets may be subject to Permitted Liens. Borrower shall not enter into or suffer to exist or become effective

any agreement that prohibits or limits the ability of any Borrower to create, incur, assume or suffer to exist any Lien upon any of its property (including Intellectual Property), whether now owned or hereafter acquired, to secure its obligations under the Loan Documents to which it is a party other than (i) this Agreement and the other Loan Documents, (ii) any agreements governing any purchase money Liens or capital lease obligations otherwise permitted hereby (in which case, any prohibition or limitation shall only be effective against the assets financed thereby, additions and accessions thereto and the proceeds thereof), (iii) customary restrictions on the assignment of leases, licenses and other agreements, (iv) agreements entered into in connection with Permitted Liens, and (v) the Material Licenses. Borrower shall cause its Subsidiaries to protect and defend such Subsidiary's title to its assets from and against all Persons claiming any interest adverse to such Subsidiary (other than Permitted Liens).

7.6Investments. Borrower shall not directly or indirectly acquire or own, or make any Investment in or to any Person, or permit any of its Subsidiaries to do so, other than Permitted Investments.

7.7Distributions. Borrower shall not, and shall not allow any Subsidiary to, (a) repurchase or redeem any class of its stock or other Equity Interest, or (b) declare or pay any cash dividend or make any other cash distribution on any class of its stock or other Equity Interest, or (c) except for Permitted Investments, lend money to any employees, officers or directors or guarantee the payment of any such loans to employees, officers or directors granted by a third party in excess of Two Hundred Fifty Thousand Dollars (\$250,000) in the aggregate, or (d) waive, release or forgive any Indebtedness owed to Borrower or any Subsidiary by any employees, officers or directors in excess of Two Hundred Fifty Thousand Dollars (\$250,000) in the aggregate, in each case other than (i) repurchases or redemptions pursuant to employee, director or consultant repurchase plans or other similar agreements, provided, however, in each case the repurchase or redemption price does not exceed the original consideration paid for such stock or Equity Interest; (ii) the payment of cash in lieu of fractional shares not to exceed Fifty Thousand Dollars (\$50,000), (iii) a Subsidiary may pay dividends or make other distributions to Borrower or any Subsidiary of Borrower, (iv) the conversion of any of its convertible securities into other securities pursuant to the terms of such convertible securities or otherwise in exchange therefor, and (v) other dividends, distributions, redemptions or repurchases so long as the aggregate amount of all such purchases does not exceed Two Hundred Fifty Thousand Dollars (\$250,000) in any fiscal year.

Notwithstanding the foregoing, and for the avoidance of doubt, this Section 7.7 shall not prohibit (i) the conversion by holders of any Permitted Convertible Debt in accordance with the terms of the indenture governing such Permitted Convertible Debt, or Borrower's delivery of the conversion consideration in connection therewith or the delivery of Common Stock (or other securities or property following a merger event, reclassification or other change of the Common Stock), and Cash in lieu of fractional shares of Common Stock in exchange for, or to induce the conversion of, Permitted Convertible Debt; provided that the conversion consideration (or exchange or inducement consideration) paid to such holders is limited to (A) Common Stock and (B) and Cash in lieu of fractional shares of Common Stock not to exceed Fifty Thousand Dollars (\$50,000), or (ii) the Borrower's making of any interest payments with respect to any Permitted Convertible Debt or (iii) the Borrower's payment of any premium in respect of, making or receiving any payment (via proceeds of the related Permitted Convertible Indebtedness not to exceed twenty-five percent (25%) of the aggregate principal amount of such related Permitted Convertible Indebtedness deliveries in shares of Common Stock (or other securities or property following a merger event, reclassification or other change of the Common Stock and Cash in lieu of fractional shares not to exceed Fifty Thousand Dollars (\$50,000)) with respect to, or the Borrower's otherwise performing its obligations

under, any Permitted Call Spread Transaction, including without limitation in connection with any settlement, unwind or termination thereof whether pursuant to its terms or otherwise.

7.8Transfers. Except for Permitted Transfers, Borrower shall not, and shall not permit any Subsidiary to, voluntarily or involuntarily transfer, sell, lease, license, lend or in any other manner convey (“**Transfer**”) any equitable, beneficial or legal interest in any material portion of its assets (including, without limitation, pursuant to a Division).

Notwithstanding the foregoing, and for the avoidance of doubt, this Section 7.8 shall not prohibit (i) the conversion by holders of any Permitted Convertible Debt in accordance with the terms of the indenture governing such Permitted Convertible Debt or Borrower’s delivery of the conversion consideration in connection therewith or the delivery of Common Stock (or other securities or property following a merger event, reclassification or other change of the Common Stock), and Cash in lieu of fractional shares of Common Stock, not to exceed Fifty Thousand Dollars (\$50,000), in exchange for, or to induce conversions of, Permitted Convertible Debt (ii) the Borrower’s making of any interest payments with respect to any Permitted Convertible Debt or (iii) the Borrower’s entry into or unwind or termination or payment of any premium in respect of, making any payment ((via proceeds of the related Permitted Convertible Indebtedness not to exceed twenty-five percent (25%) of the aggregate principal amount of such related Permitted Convertible Indebtedness deliveries in shares of Common Stock (or other securities or property following a merger event, reclassification or other change of the Common Stock and Cash in lieu of fractional shares not to exceed Fifty Thousand Dollars (\$50,000)) with respect to, or the Borrower otherwise performing its obligations under, any Permitted Call Spread Transaction, including without limitation in connection with any settlement, unwind or termination thereof whether pursuant to its terms or otherwise.

7.9Mergers and Consolidations. Borrower shall not, nor will it permit any Subsidiary to, merge, dissolve, liquidate, consolidate with or into another Person, or dispose of (whether in one transaction or in a series of transactions) all or substantially all of its assets (whether now owned or hereafter acquired) to or in favor of any Person, other than the following: (a) Permitted Acquisitions, (b) mergers or consolidations of (i) a Subsidiary which is not a Loan Party into another Subsidiary or into a Loan Party or (ii) a Loan Party into another Loan Party), or (c) (i) any Subsidiary that is not a Loan Party may dissolve, liquidate, or wind up its affairs at any time provided that all of its assets and business are transferred to the Company or any of its Subsidiaries and (ii) any Subsidiary that is a Loan Party may dissolve, liquidate, or wind up its affairs at any time provided that all of its assets and business are transferred to another Loan Party. Borrower may form or acquire any Subsidiary so long as Borrower complies in all respects with the requirements set forth in Section 7.13.

7.10Taxes. Borrower shall, and shall cause each of its Subsidiaries to, pay when due all material Taxes of any nature whatsoever now or hereafter imposed or assessed against such Borrower or such Subsidiary or the Collateral or upon Borrower’s (or such Subsidiary’s) ownership, possession, use, operation or disposition thereof or upon Borrower’s (or such Subsidiary’s) rents, receipts or earnings arising therefrom other than: (a) Taxes being contested, in good faith and by appropriate proceedings diligently conducted, and for which such Borrower maintains adequate reserves in accordance with GAAP and (b) Taxes that do not, individually or in the aggregate, exceed Fifty Thousand Dollars (\$50,000). Borrower shall, and shall cause each of its Subsidiaries to, accurately file on or before the due date therefor (taking into account proper extensions) all U.S. federal and state income Tax returns and other material Tax returns required to be filed.

7.11 Corporate Changes.

(a) Neither Borrower nor any Subsidiary shall change its corporate name, legal form or jurisdiction of formation without ten (10) Business Days' prior written notice to Agent.

(b) No Change in Control shall have occurred.

(c) Borrower shall not relocate its chief executive office or its principal place of business unless: (i) it has provided prior written notice to Agent; and (ii) such relocation shall be within the continental United States of America (except in the case of a Foreign Subsidiary).

(d) If Borrower intends to add any new offices or business locations, including warehouses, containing any portion of Borrower's assets or property valued, individually or in the aggregate, in excess of Five Hundred Thousand Dollars (\$500,000), then Borrower will use commercially reasonable efforts cause the landlord of any such new offices or business locations in the United States, including warehouses, to execute and deliver a landlord consent in form and substance reasonably satisfactory to Agent.

(e) If Borrower intends to deliver any portion of Borrower's assets or property valued, individually or in the aggregate, in excess of Five Hundred Thousand Dollars (\$500,000) to a bailee (other than a clinical trial site) located in the United States, and Agent and such bailee are not already parties to a bailee agreement governing both the Collateral and the location to which Borrower intends to deliver the Collateral, then Borrower will use commercially reasonable efforts to cause such bailee to execute and deliver a bailee agreement in form and substance reasonably satisfactory to Agent.

(f) The Borrower will not, and will not permit any Subsidiary to, engage to any material extent in any business other than those businesses conducted by the Borrower and its Subsidiaries on the date hereof or any business reasonably related or incidental thereto or representing a reasonable expansion thereof.

(g) Without the prior written consent of Agent, the Borrower will not make, or agree to make, any modification, amendment or waiver of any of the terms or provisions of Borrower's Organizational Documents that is materially adverse to Agent or any of the Lenders in their capacities as such.

7.12 Deposit Accounts. No Loan Party shall maintain any Deposit Accounts, or accounts holding Investment Property, except with respect to which Agent has an Account Control Agreement, provided that no Account Control Agreement shall be required for any Excluded Account.

7.13 Joinder of Subsidiaries. Borrower shall notify Agent of each Subsidiary formed or acquired subsequent to the Closing Date (including any new Subsidiary formed by Division) and, within twenty (20) Business Days of such formation or acquisition (or such longer period of time as agreed to by Agent in writing in its sole discretion), shall cause any such Subsidiary to execute and deliver to Agent a Joinder Agreement and such other documents and instruments as shall be requested by Agent to effectuate the transactions contemplated by such Joinder Agreement (in each case in form and substance reasonably acceptable to Agent), or, if requested by Agent, a Guaranty and appropriate collateral security documents to secure the obligations pursuant to such Guaranty (in each case in form and substance reasonably acceptable to Agent); it being agreed that if such

new Subsidiary is formed by a Division, the foregoing requirements shall be satisfied substantially concurrently with the formation of such Subsidiary.

7.14[Reserved.]

7.15Notification of Event of Default. Borrower shall notify Agent promptly, one (1) Business Day, after any Responsible Officer has knowledge of the occurrence of any Event of Default.

7.16SBA. One or more affiliates of Agent have received a license from the U.S. Small Business Administration (“SBA”) to extend loans as a small business investment company (“SBIC”) pursuant to the Small Business Investment Act of 1958, as amended, and the associated regulations, as amended (collectively, the “SBIC Act”). Portions of the Loan to Borrower may be made by a Lender that is a SBIC. Addendum 3 to this Agreement outlines various responsibilities of Agent, each Lender and Borrower associated with a loan made by a SBIC, and such Addendum 3 is hereby incorporated in this Agreement. Borrower shall immediately notify Agent of any failure to comply with its obligations under Addendum 3 upon acquiring knowledge thereof.

7.17Use of Proceeds. Borrower agrees that the proceeds of the Loans shall be used solely to pay related fees and expenses in connection with this Agreement and the Loan Documents and for working capital and general corporate purposes. The proceeds of the Loans will not be used in violation of Anti-Corruption Laws or applicable Sanctions.

7.18[Reserved.]

7.19Material Agreement. Borrower shall (a) not, without the consent of Agent, terminate the Material License or amend the Material License in a manner that is reasonably likely to have a material negative impact on Agent or Lenders in their capacities as such, and (b) give notice to Agent with the next Compliance Certificate of entering into a Material Agreement or materially amending or terminating a Material Agreement.

7.20Compliance with Laws.

(a) Borrower (i) shall maintain, and shall cause its Subsidiaries to maintain, compliance in all material respects with all applicable laws, rules or regulations (including any law, rule or regulation with respect to the making or brokering of loans or financial accommodations), and (ii) shall, or cause its Subsidiaries to, obtain and maintain all required governmental authorizations, approvals, licenses, franchises, permits or registrations reasonably necessary in connection with the conduct of Borrower’s business. Borrower shall not become an “investment company,” a company that would be an “investment company” except for the exclusion from the definition of “investment company” in Section 3(c) of the 1940 Act, or a company controlled by an “investment company” under the 1940 Act, or undertake as one of its important activities extending credit to purchase or carry margin stock (as defined in Regulation X, T and U of the Federal Reserve Board of Governors).

(b) Neither Borrower nor any of its Subsidiaries shall, nor shall Borrower or any of its Subsidiaries permit any controlled Affiliate to, directly or indirectly, knowingly enter into any documents, instruments, agreements or contracts with any Person listed on the OFAC Lists. Neither Borrower nor any of its Subsidiaries shall, nor shall Borrower or any of its Subsidiaries, permit any controlled Affiliate to, directly or indirectly, (i) conduct any business or engage in any transaction or dealing with any Blocked Person, including, without limitation, the making or

receiving of any contribution of funds, goods or services to or for the benefit of any Blocked Person, (ii) deal in, or otherwise engage in any transaction relating to, any property or interests in property blocked pursuant to Executive Order No. 13224 or any similar executive order or other Anti-Terrorism Law, or (iii) engage in or conspire to engage in any transaction that evades or avoids, or has the purpose of evading or avoiding, or attempts to violate, any of the prohibitions set forth in Executive Order No. 13224 or other Anti-Terrorism Law.

(c) Borrower has implemented and shall maintain in effect policies and procedures designed to ensure compliance by Borrower, its Subsidiaries and their respective directors, officers, employees and agents with Anti-Corruption Laws and applicable Sanctions, and Borrower, its Subsidiaries and their respective officers and employees and to the knowledge of Borrower its directors and agents, are in compliance with Anti-Corruption Laws and applicable Sanctions in all material respects.

(d) None of Borrower, any of its Subsidiaries or any of their respective directors, officers or employees, or to the knowledge of Borrower, any agent for Borrower or its Subsidiaries that will act in any capacity in connection with or benefit from the credit facility established hereby, is a Sanctioned Person. No Loan, use of proceeds or other transaction contemplated by this Agreement will violate Anti-Corruption Laws or applicable Sanctions.

7.21[Reserved.]

7.22Intellectual Property. Each Borrower shall (i) protect, defend and maintain the validity and enforceability of its Intellectual Property which has any material value; (ii) promptly advise Agent in writing of any litigation or proceedings instituted by Borrower in respect of infringements of its Intellectual Property that has any material value; and (iii) not allow any Intellectual Property material to Borrowers' business to be abandoned, forfeited or dedicated to the public without Agent's written consent. If a Borrower (a) obtains any registered Patent, registered Trademark, registered Copyright, registered mask work, or any pending application for any of the foregoing as owner, or (b) applies for any Patent or the registration of any Trademark, then such Borrower shall provide written notice thereof to Agent with the next Compliance Certificate and shall execute such intellectual property security agreements and other documents and take such other actions as Agent may request in its good faith business judgment to perfect and maintain a first priority perfected security interest (subject to Permitted Liens) in favor of Agent in such property. If a Borrower decides to register any Copyrights or mask works in the United States Copyright Office, such Borrower shall: (x) provide Agent with at least fifteen (15) days prior written notice of such Borrower's intent to register such Copyrights or mask works together with a copy of the application it intends to file with the United States Copyright Office (excluding exhibits thereto); (y) execute an intellectual property security agreement and such other documents and take such other actions as Agent may request in its good faith business judgment to perfect and maintain a first priority perfected security interest (subject to Permitted Liens) in favor of Agent in the Copyrights or mask works intended to be registered with the United States Copyright Office; and (z) record such intellectual property security agreement with the United States Copyright Office contemporaneously with filing the Copyright or mask work application(s) with the United States Copyright Office. Upon Agent's written request, Borrowers shall promptly provide to Agent copies of all applications that it files for Patents or for the registration of Trademarks, Copyrights or mask works, together with evidence of the recording of the intellectual property security agreement required for Agent to perfect and maintain a first priority perfected security interest (subject to Permitted Liens) in such property. Borrower shall provide written notice to Agent within thirty (30) days of entering or becoming bound by any Restricted License (other than commercially available

to the public, open source, label, “shrink wrap” or off-the-shelf licenses). Borrower shall take such steps as Agent reasonably requests to obtain the consent of, or waiver by, any person whose consent or waiver is necessary for (1) any Restricted License (other than any Material License) to be deemed “Collateral” and for Agent to have a security interest in it that might otherwise be restricted or prohibited by law or by the terms of any such Restricted License (other than any Material License), whether now existing or entered into in the future, and (2) Agent to have the ability in the event of a liquidation of any Collateral to dispose of such Collateral in accordance with Agent’s rights and remedies under this Agreement and the other Loan Documents.

7.23 Transactions with Affiliates. Except as otherwise described on Schedule 7.23, Borrower shall not, and shall not permit any Subsidiary to, directly or indirectly, enter into or permit to exist any transaction of any kind with any Affiliate of Borrower or such Subsidiary on terms that are less favorable to Borrower or such Subsidiary, as the case may be, than those that might be obtained in an arm’s length transaction from a Person who is not an Affiliate of Borrower or such Subsidiary other than (a) transactions between Borrower and any of its Subsidiaries which are not prohibited hereunder, (b) transactions of the type described in and permitted under Section 7.7, (d) indemnification arrangements, employee agreements, compensation arrangements (including equity-based compensation and fees paid to directors), benefit plans or arrangements, and reimbursement of expenses of current or former employees, consultants, officers and directors, (e) severance arrangements entered into in the ordinary course of business, and (f) extraordinary retention, bonus or similar arrangements approved by Company’s board of directors (or a committee thereof).

7.24 Permitted Convertible Debt. Borrower shall not, and shall not permit any Subsidiary to, directly or indirectly, (a) make or permit any payment on Permitted Convertible Debt except (i) interest payments thereon and (ii) Borrower’s delivery of conversion consideration in connection with the conversion by holders, or payment for (including, without limitation, payments of principal and payment upon redemption or repurchase), of any Permitted Convertible Debt in accordance with the terms of the indenture governing such Permitted Convertible Debt or the delivery of Common Stock (or other securities or property following a merger event, reclassification or other change of the Common Stock), and Cash in lieu of fractional shares of Common Stock in exchange for, or to induce the conversion of Permitted Convertible Debt, or (b) other than as required by the terms of the indenture governing any Permitted Convertible Debt, redeem or repurchase such Permitted Convertible Debt (other than repurchase of Permitted Convertible Debt in exchange for Common Stock and Cash in lieu of fractional shares of Common Stock); provided that the repurchase consideration paid to the holders of Permitted Convertible Debt is limited to (A) Common Stock and (B) Cash in lieu of fractional shares of Common Stock shall not exceed Fifty Thousand Dollars (\$50,000). In no event shall the foregoing permit Borrower to pay holders of Permitted Convertible Debt in connection with mandatory repurchase rights granted to such holders upon the occurrence of a “change of control”, “fundamental change”, “make-whole fundamental change” or any comparable term.

7.25 Post-Closing Obligations. Borrower shall take each of the actions described on Schedule 7.25, in each case in the manner and by the dates set forth thereon (or such later date as may be agreed by Agent).

SECTION 8. RIGHT TO INVEST

8.1 Subject to compliance with applicable securities laws, Lenders or their designated Affiliates shall, for so long as such applicable Lender shall constitute a “Lender” under this Agreement, have the right, in its discretion, to participate in any Subsequent Financing (or in a simultaneous private placement with such Subsequent Financing) in an aggregate amount of up to Five Million Dollars (\$5,000,000) on the same terms, conditions and pricing afforded to others participating in any such Subsequent Financing. This Section 8.1, and all rights and obligations provided for hereunder, shall terminate upon the earliest to occur of (a) termination of this Agreement and (b) such time that the Lenders or their assignees or nominees, have purchased Five Million Dollars (\$5,000,000) of Borrower’s Equity Interests in the aggregate in Subsequent Financings.

SECTION 9. EVENTS OF DEFAULT

The occurrence of any one or more of the following events shall be an “Event of Default”:

9.1 Payments. A Loan Party fails to pay any amount due under this Agreement or any of the other Loan Documents on the due date; provided, however, that an Event of Default shall not occur on account of a failure to pay due solely to an administrative or operational error of Agent or Lenders or Borrower’s bank if Borrower had the funds to make the payment when due and makes the payment within three (3) Business Days following Borrower’s knowledge of such failure to pay; or

9.2 Covenants. A Loan Party breaches or defaults in the performance of any covenant or Secured Obligation under this Agreement or any of the other Loan Documents, and (a) with respect to a Default under any covenant under this Agreement (other than under Sections 6, 7.4, 7.5, 7.6, 7.7, 7.8, 7.9, 7.15, 7.16, 7.17, 7.19, 7.22 and 7.25), any other Loan Document, such default continues for more than fifteen (15) Business Days after the earlier of the date on which (i) Agent or Lenders has given notice of such default to Borrower and (ii) Borrower has actual knowledge of such default or (b) with respect to a Default under any of Sections 6, 7.4, 7.5, 7.6, 7.7, 7.8, 7.9, 7.15, 7.16, 7.17, 7.19, 7.22, and 7.25 the occurrence of such Default; or

9.3 Material Adverse Effect. A circumstance has occurred that could reasonably be expected to have a Material Adverse Effect; or

9.4 Representations. Any representation or warranty made by any Loan Party in any Loan Document shall have been false or misleading in any material respect when made or when deemed made; or

9.5 Insolvency. (a) A Loan Party or any of its Subsidiaries fails to be solvent as described under Section 5.15 hereof; (b) a Loan Party or any of its Subsidiaries begins an Insolvency Proceeding; or (c) an Insolvency Proceeding is begun against a Loan Party or any of its Subsidiaries and is not dismissed or stayed within thirty (30) days (but no Advances shall be made while any of the conditions described in clause (a) exist or until any Insolvency Proceeding is dismissed); or

9.6 Judgments; Penalties. One or more fines, penalties or final judgments, orders or decrees for the payment of money in an amount, individually or in the aggregate, of at least Five Hundred Thousand Dollars (\$500,000) (not covered by independent third-party insurance as to which liability has been accepted by such insurance carrier) shall be rendered against any Loan Party or any of its Subsidiaries by any Governmental Authority, and the same are not, within twenty-one (21) days (or such longer period of time as may be specified in the applicable fine, penalty, judgment, order or decree) days after the entry, assessment or issuance thereof, satisfied or discharged, or after

execution thereof, or stayed pending appeal, or such judgments are not satisfied or discharged prior to the expiration of any such stay (provided that no Advances shall be made prior to the discharge, or stay of such fine, penalty, judgment, order or decree); or

9.7 Attachment; Levy; Restraint on Business.

(a) (i) The service of process seeking to attach, by trustee or similar process, any funds of any Loan Party or any of its Subsidiaries in excess of Fifty Thousand Dollars (\$50,000), or (ii) a notice of lien or levy is filed against any of any Loan Party's or any of its Subsidiaries' assets having a value in excess of Fifty Thousand Dollars (\$50,000) by any Governmental Authority, and the same under subclauses (i) and (ii) hereof are not, within ten (10) days after the occurrence thereof, discharged or stayed (whether through the posting of a bond or otherwise); provided, however, no Advances shall be made during any ten (10) day cure period; or

(b) (i) any material portion of any Loan Party's or any of its Subsidiaries' assets is attached, seized, levied on, or comes into possession of a trustee or receiver, or (ii) any court order enjoins, restrains, or prevents any Loan Party from conducting all or any material part of its business

9.8 Other Obligations. The occurrence of any default (beyond any applicable grace period) under (i) any agreement or obligation of a Loan Party involving any Indebtedness in excess of Five Hundred Thousand Dollars (\$500,000), or (ii) any other material agreement or obligation, if a Material Adverse Effect could reasonably be expected to result from such default or (iii) any Material Agreement resulting in a right by such third party or parties, whether or not exercised, to terminate such Material Agreement or accelerate payments in excess of One Million Dollars (\$1,000,000) owed thereunder.

9.9 Governmental Approvals; FDA Action. (a) Any Governmental Approval shall have been revoked, rescinded, suspended, modified in an adverse manner by any Governmental Authority, or not renewed by any Governmental Authority in the ordinary course for a full term and such revocation, rescission, suspension, modification or non-renewal has resulted in or could reasonably be expected to result in a Material Adverse Effect; or (b) (i) the FDA, DOJ or other Governmental Authority initiates a regulatory action or any other enforcement action against Borrower or any of its Subsidiaries or any supplier of Borrower or any of its Subsidiaries that causes Borrower or any of its Subsidiaries to recall, withdraw, remove or discontinue manufacturing, distributing, and/or marketing any of its products, even if such action is based on previously disclosed conduct that could reasonably be expected to have a Material Adverse Effect; (ii) the FDA or any other comparable Governmental Authority issues a warning letter to Borrower or any of its Subsidiaries with respect to any of its activities or products which could reasonably be expected to result in a Material Adverse Effect; (iii) Borrower or any of its Subsidiaries conducts a mandatory or voluntary recall which could reasonably be expected to result in liability and expense to Borrower or any of its Subsidiaries of Five Million Dollars (\$5,000,000) or more; (iv) Borrower or any of its Subsidiaries enters into a settlement agreement with the FDA, DOJ or other Governmental Authority that results in aggregate liability as to any single or related series of transactions, incidents or conditions, of Two Million Dollars (\$2,000,000) or more, or that could reasonably be expected to result in a Material Adverse Effect, even if such settlement agreement is based on previously disclosed conduct; or (v) the FDA or any other comparable Governmental Authority revokes any authorization or permission granted under any Registration, or Borrower or any of its Subsidiaries withdraws any Registration, that could reasonably be expected to result in a Material Adverse Effect.

9.10Stop Trade. At any time, an SEC stop trade order or NASDAQ market trading suspension of the Common Stock shall be in effect for days during a period of ten (10) consecutive trading days, excluding in all cases a suspension of all trading on a public market, provided that Borrower shall not have been able to cure such trading suspension within thirty (30) days of the notice thereof or list the Common Stock on another public market within sixty (60) days of such notice.

SECTION 10. REMEDIES

10.1General. Upon the occurrence of any one or more Events of Default, Agent may, and at the direction of the Required Lenders shall, accelerate and demand payment of all or any part of the outstanding Secured Obligations together with a Prepayment Charge and declare them to be immediately due and payable (provided, that upon the occurrence of an Event of Default of the type described in Section 9.5, all of the Secured Obligations (including, without limitation, the Prepayment Charge and the End of Term Charge) shall automatically be accelerated and made due and payable, in each case without any further notice or act). Until the Secured Obligations (other than inchoate indemnity and reimbursement obligations which, by their terms, survive termination of this Agreement) are paid in full, Borrower hereby irrevocably appoints Agent as its lawful attorney-in-fact to, exercisable following the occurrence of an Event of Default, (i) sign Borrower's name on any invoice or bill of lading for any account or drafts against account debtors; (ii) demand, collect, sue, and give releases to any account debtor for monies due, settle and adjust disputes and claims about the accounts directly with account debtors, and compromise, prosecute, or defend any action, claim, case, or proceeding about any Collateral (including filing a claim or voting a claim in any bankruptcy case in Agent's or Borrower's name, as Agent may elect); (iii) make, settle, and adjust all claims under Borrower's insurance policies; (iv) pay, contest or settle any Lien, charge, encumbrance, security interest, or other claim in or to the Collateral, or any judgment based thereon, or otherwise take any action to terminate or discharge the same; (v) transfer the Collateral into the name of Agent or a third party as the UCC permits; (vi) receive, open and dispose of mail addressed to Borrower; (vii) endorse Borrower's name on any checks, payment instruments, or other forms of payment or security; and (viii) notify all account debtors to pay Agent directly. Borrower hereby appoints Agent as its lawful attorney-in-fact to sign Borrower's name on any documents necessary to perfect or continue the perfection of Agent's security interest in the Collateral regardless of whether an Event of Default has occurred until all Secured Obligations (other than inchoate indemnity and reimbursement obligations which, by their terms, survive termination of this Agreement) have been paid in full and the Loan Documents have been terminated. Agent's foregoing appointment as Borrower's attorney in fact, and all of Agent's rights and powers, coupled with an interest, are irrevocable until all Secured Obligations (other than inchoate indemnity and reimbursement obligations which, by their terms, survive termination of this Agreement) have been paid in full and the Loan Documents have been terminated. Upon the occurrence and during the continuance of an Event of Default, Agent may, and at the direction of the Required Lenders shall, exercise all rights and remedies with respect to the Collateral under the Loan Documents or otherwise available to it under the UCC and other applicable law, including the right to release, hold, sell, lease, liquidate, collect, realize upon, or otherwise dispose of all or any part of the Collateral and the right to occupy, utilize, process and commingle the Collateral. All Agent's rights and remedies shall be cumulative and not exclusive.

10.2Collection; Foreclosure. Upon the occurrence and during the continuance of any Event of Default, Agent may, and at the direction of the Required Lenders shall, at any time or from time to time, apply, collect, liquidate, sell in one or more sales, lease or otherwise dispose of, any or all of the Collateral, in its then condition or following any commercially reasonable preparation or

processing, in such order as Agent may elect. Any such sale may be made either at public or private sale at its place of business or elsewhere. Borrower agrees that any such public or private sale may occur upon ten (10) calendar days' prior written notice to Borrower. Agent may require Borrower to assemble the Collateral and make it available to Agent at a place designated by Agent that is reasonably convenient to Agent and Borrower. The proceeds of any sale, disposition or other realization upon all or any part of the Collateral shall be applied by Agent in the following order of priorities:

First, to Agent, in an amount equal to the sum of all fees owing to Agent hereunder and under any other Loan Document;

Second, to Agent and Lenders in an amount sufficient to pay in full Agent's and Lenders' reasonable costs and professionals' and advisors' fees and expenses as described in Section 11.12;

Third, to Lenders, ratably, in an amount equal to the sum of all accrued interest owing to Lenders on the Term Loan Advances hereunder;

Fourth, to Lenders, ratably, in an amount equal to the sum of the outstanding principal and premium, if any owing to Lenders from Borrower on the Term Loan Advances hereunder;

Fifth, to Lenders and Agent, ratably (in proportion to all remaining Secured Obligations owing to each), in an amount equal to the sum of all other outstanding and unpaid Secured Obligations (including principal, interest, and the default rate interest set forth in Section 2.4, if required under this Agreement), in such order and priority as Agent may choose in its sole discretion; and

Finally, after the full and final payment in Cash of all of the Secured Obligations (other than inchoate indemnity and reimbursement obligations which, by their terms, survive termination of this Agreement), to any creditor holding a junior Lien on the Collateral, or to Borrower or its representatives or as a court of competent jurisdiction may direct.

Agent shall be deemed to have acted reasonably in the custody, preservation and disposition of any of the Collateral if it complies with the obligations of a secured party under the UCC.

10.3No Waiver. Agent shall be under no obligation to marshal any of the Collateral for the benefit of Borrower or any other Person, and Borrower expressly waives to the extent permitted by applicable law all rights, if any, to require Agent to marshal any Collateral.

10.4Waivers. To the extent permitted by applicable law, Borrower waives demand, notice of default or dishonor, notice of payment and nonpayment, notice of any default, nonpayment at maturity, release, compromise, settlement, extension, or renewal of accounts, documents, instruments, chattel paper, and guarantees held by Agent on which Borrower is liable.

10.5Cumulative Remedies. The rights, powers and remedies of Agent hereunder shall be in addition to all rights, powers and remedies given by statute or rule of law and are cumulative. The exercise of any one or more of the rights, powers and remedies provided herein shall not be construed as a waiver of or election of remedies with respect to any other rights, powers and remedies of Agent.

SECTION 11. MISCELLANEOUS

11.1Severability. Whenever possible, each provision of this Agreement shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of

this Agreement shall be prohibited by or invalid under such law, such provision shall be ineffective only to the extent and duration of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Agreement.

11.2Notice. Except as otherwise provided herein, any notice, demand, request, consent, approval, declaration, service of process or other communication (including the delivery of Financial Statements) that is required, contemplated, or permitted under the Loan Documents or with respect to the subject matter hereof shall be in writing, and shall be deemed to have been validly served, given, delivered, and received upon the earlier of: (i) the Business Day of transmission by electronic mail (if during normal business hours or the next Business Day if after normal business hours) or hand delivery or delivery by an overnight express service or overnight mail delivery service; or (ii) the third calendar day after deposit in the United States of America mails, with proper first class postage prepaid, in each case addressed to the party to be notified as follows:

(a) If to Agent:

HERCULES CAPITAL, INC.
Legal Department
Attention: [***]
email: [***]
Telephone: [***]

(b) If to Lenders:

HERCULES CAPITAL, INC.
Legal Department
Attention: [***]
email: [***]
Telephone: [***]

(c) If to Borrower:

ALECTOR, INC.
Attention: [***]
131 Oyster Point Blvd., Suite 600
South San Francisco, CA 94080
email: [***]
Telephone: [***]

or to such other address as each party may designate for itself by like notice.

11.3Entire Agreement; Amendments.

(a) This Agreement and the other Loan Documents constitute the entire agreement and understanding of the parties hereto in respect of the subject matter hereof and thereof, and supersede and replace in their entirety any prior proposals, term sheets, non-disclosure or confidentiality agreements, letters, negotiations or other documents or agreements, whether written or oral, with respect to the subject matter hereof or thereof (including Agent's revised proposal letter dated October 23, 2024 and the Non-Disclosure Agreement).

(b) Neither this Agreement, any other Loan Document, nor any terms hereof or thereof may be amended, supplemented or modified except in accordance with the provisions of this Section 11.3(b). The Required Lenders and Loan Parties party to the relevant Loan Document may, or, with the written consent of the Required Lenders, Agent and Loan Parties party to the relevant Loan Document may, from time to time, (i) enter into written amendments, supplements or modifications hereto and to the other Loan Documents for the purpose of adding, deleting or modifying any provisions to this Agreement or the other Loan Documents or changing in any manner the rights of Lenders or of Loan Parties hereunder or thereunder or (ii) waive, on such terms and conditions as the Required Lenders or Agent, as the case may be, may specify in such instrument, any of the requirements of this Agreement or the other Loan Documents or any Default or Event of Default and its consequences; provided, however, that no such waiver and no such amendment, supplement or modification shall (A) forgive the principal amount or extend the final scheduled date of maturity of any Loan, extend the scheduled date of any amortization payment in respect of any Term Loan Advance, reduce the stated rate of any interest (or fee payable hereunder) or extend the scheduled date of any payment thereof, in each case without the written consent of each Lender directly affected thereby; (B) eliminate or reduce the voting rights of any Lender under this Section 11.3(b) without the written consent of such Lender; (C) reduce any percentage specified in the definition of Required Lenders, consent to the assignment or transfer by Loan Parties of any of its rights and obligations under this Agreement and the other Loan Documents, release all or substantially all of the Collateral or release a Loan Party from its obligations under the Loan Documents, in each case without the written consent of all Lenders; or (D) amend, modify or waive any provision of Section 11.18 or Addendum 4 without the written consent of Agent. Any such waiver and any such amendment, supplement or modification shall apply equally to each Lender and shall be binding upon the applicable Loan Parties, Lenders, Agent and all future holders of the Loans.

11.4No Strict Construction. The parties hereto have participated jointly in the negotiation and drafting of this Agreement. In the event an ambiguity or question of intent or interpretation arises, this Agreement shall be construed as if drafted jointly by the parties hereto and no presumption or burden of proof shall arise favoring or disfavoring any party by virtue of the authorship of any provisions of this Agreement.

11.5No Waiver. The powers conferred upon Agent and Lenders by this Agreement are solely to protect their rights hereunder and under the other Loan Documents and their interest in the Collateral and shall not impose any duty upon Agent or Lenders to exercise any such powers. No omission or delay by Agent or Lenders at any time to enforce any right or remedy reserved to them, or to require performance of any of the terms, covenants or provisions hereof by Borrower at any time designated, shall be a waiver of any such right or remedy to which Agent or Lenders are entitled, nor shall it in any way affect the right of Agent or Lenders to enforce such provisions thereafter.

11.6Survival. All agreements, representations and warranties contained in this Agreement and the other Loan Documents or in any document delivered pursuant hereto or thereto shall be for the benefit of Agent and Lenders and shall survive the execution and delivery of this Agreement. Sections 6.3, 11.9, 11.11, 11.13, 11.14, 11.15, 11.17 and 11.18 shall survive the termination of this Agreement.

11.7Successors and Assigns. The provisions of this Agreement and the other Loan Documents shall inure to the benefit of and be binding on Borrower and its permitted assigns (if any). Except as permitted by Section 7.9, no Loan Party shall assign its obligations under this

Agreement or any of the other Loan Documents without Agent's express prior written consent, and any such attempted assignment shall be void and of no effect. Agent and Lenders may assign, transfer, or endorse its rights hereunder and under the other Loan Documents without prior notice to Borrower, and all of such rights shall inure to the benefit of Agent's and Lenders' successors and assigns; provided that as long as no Event of Default has occurred and is continuing, neither Agent nor any Lender may assign, transfer or endorse its rights hereunder or under the Loan Documents to any party that is a direct competitor of Borrower or a distressed debt or vulture fund (in each case as reasonably determined by Agent in consultation with Company), it being acknowledged that in all cases, any transfer to an Affiliate of any Lender or Agent shall be allowed. Notwithstanding the foregoing, (x) in connection with any assignment by a Lender as a result of a forced divestiture at the request of any regulatory agency, the restrictions set forth herein shall not apply and Agent and Lenders may assign, transfer or endorse its rights hereunder and under the other Loan Documents to any Person or party and (y) in connection with a Lender's own financing or securitization transactions, the restrictions set forth herein shall not apply and Agent and Lenders may assign, transfer or endorse its rights hereunder and under the other Loan Documents to any Person or party providing such financing or formed to undertake such securitization transaction and any transferee of such Person or party upon the occurrence of a default, event of default or similar occurrence with respect to such financing or securitization transaction; provided that no such sale, transfer, pledge or assignment under this clause (y) shall release such Lender from any of its obligations hereunder or substitute any such Person or party for such Lender as a party hereto until Agent shall have received and accepted an effective assignment agreement from such Person or party in form satisfactory to Agent executed, delivered and fully completed by the applicable parties thereto, and shall have received such other information regarding such assignee as Agent reasonably shall require. Agent, acting solely for this purpose as a non-fiduciary agent of Borrower, shall maintain at one of its offices in the United States a register for the recordation of the names and addresses of Lender(s), and the Term Commitments of, and principal amounts (and stated interest) of the Loans owing to, each Lender pursuant to the terms hereof from time to time (the "Register"). The entries in the Register shall be conclusive absent manifest error, and Borrower, Agent and Lender(s) shall treat each Person whose name is recorded in the Register pursuant to the terms hereof as a Lender hereunder for all purposes of this Agreement. The Register shall be available for inspection by Borrower and any Lender, at any reasonable time and from time to time upon reasonable prior notice.

11.8Participations. Each Lender that sells a participation shall, acting solely for this purpose as a non-fiduciary agent of Borrower, maintain a register on which it enters the name and address of each participant and the principal amounts (and stated interest) of each participant's interest in the Loans or other obligations under the Loan Documents (the "Participant Register"); provided that no Lender shall have any obligation to disclose all or any portion of the Participant Register (including the identity of any participant or any information relating to a participant's interest in any commitments, loans, its other obligations under any Loan Document) to any Person except to the extent that such disclosure is necessary to establish that such commitment, loan, letter of credit or other obligation is in registered form under Section 5f.103-1(c) of the United States Treasury Regulations. The entries in the Participant Register shall be conclusive absent manifest error, and such Lender shall treat each Person whose name is recorded in the Participant Register as the owner of such participation for all purposes of this Agreement notwithstanding any notice to the contrary. For the avoidance of doubt, Agent (in its capacity as Agent) shall have no responsibility for maintaining a Participant Register. Borrower agrees that each participant shall be entitled to the benefits of the provisions in Addendum 1 attached hereto (subject to the requirements and limitations therein, including the requirements under Section 7 of Addendum 1 attached hereto (it being understood that the documentation required under Section 7 of Addendum 1 attached hereto shall be delivered to the participating Lender)) to the same extent as if it were a Lender and had

acquired its interest by assignment pursuant to Section 11.7; provided that such participant shall not be entitled to receive any greater payment under Addendum 1 attached hereto, with respect to any participation, than its participating Lender would have been entitled to receive, except to the extent such entitlement to receive a greater payment results from a change in law that occurs after the participant acquired the applicable participation.

11.9 Governing Law. This Agreement and the other Loan Documents have been negotiated and delivered to Agent and Lenders in the State of California, and shall have been accepted by Agent and Lenders in the State of California. Payment to Agent and Lenders by Borrower of the Secured Obligations is due in the State of California. This Agreement and the other Loan Documents shall be governed by, and construed and enforced in accordance with, the laws of the State of California, excluding conflict of laws principles that would cause the application of laws of any other jurisdiction.

11.10 Consent to Jurisdiction and Venue. All judicial proceedings (to the extent that the reference requirement of Section 11.11 is not applicable) arising in or under or related to this Agreement or any of the other Loan Documents may be brought in any state or federal court located in the State of California. By execution and delivery of this Agreement, each party hereto generally and unconditionally: (a) consents to nonexclusive personal jurisdiction in Santa Clara County, State of California; (b) waives any objection as to jurisdiction or venue in Santa Clara County, State of California; (c) agrees not to assert any defense based on lack of jurisdiction or venue in the aforesaid courts; and (d) irrevocably agrees to be bound by any judgment rendered thereby in connection with this Agreement or the other Loan Documents. Service of process on any party hereto in any action arising out of or relating to this Agreement shall be effective if given in accordance with the requirements for notice set forth in Section 11.2, and shall be deemed effective and received as set forth in Section 11.2. Nothing herein shall affect the right to serve process in any other manner permitted by law or shall limit the right of either party to bring proceedings in the courts of any other jurisdiction.

11.11 Mutual Waiver of Jury Trial / Judicial Reference.

(a) Because disputes arising in connection with complex financial transactions are most quickly and economically resolved by an experienced and expert Person and the parties wish applicable state and federal laws to apply (rather than arbitration rules), the parties desire that their disputes be resolved by a judge applying such applicable laws. TO THE EXTENT PERMITTED BY APPLICABLE LAW, EACH OF BORROWER, AGENT AND LENDERS SPECIFICALLY WAIVES ANY RIGHT IT MAY HAVE TO TRIAL BY JURY OF ANY CAUSE OF ACTION, CLAIM, CROSS-CLAIM, COUNTERCLAIM, THIRD PARTY CLAIM OR ANY OTHER CLAIM (COLLECTIVELY, "CLAIMS") ASSERTED BY BORROWER AGAINST AGENT, LENDERS OR THEIR RESPECTIVE ASSIGNEE OR BY AGENT, LENDERS OR THEIR RESPECTIVE ASSIGNEE AGAINST BORROWER IN CONNECTION WITH THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT OR THE TRANSACTIONS CONTEMPLATED THEREBY. This waiver extends to all such Claims, including Claims that involve Persons other than Agent, Borrower or any Lenders; Claims that arise out of or are in any way connected to the relationship among Borrower, Agent and Lenders; and any Claims for damages, breach of contract, tort, specific performance, or any equitable or legal relief of any kind, arising out of this Agreement, any other Loan Document.

(b) If the waiver of jury trial set forth in Section 11.11(a) is ineffective or unenforceable, the parties agree that all Claims shall be resolved by reference to a private judge

sitting without a jury, pursuant to Code of Civil Procedure Section 638, before a mutually acceptable referee or, if the parties cannot agree, a referee selected by the Presiding Judge of the Santa Clara County, California. Such proceeding shall be conducted in Santa Clara County, California, with California rules of evidence and discovery applicable to such proceeding.

(c) In the event Claims are to be resolved by judicial reference, either party may seek from a court identified in Section 11.10, any prejudgment order, writ or other relief and have such prejudgment order, writ or other relief enforced to the fullest extent permitted by law notwithstanding that all Claims are otherwise subject to resolution by judicial reference.

11.12 Professional Fees. Borrower promises to pay Agent's and Lenders' reasonable and documented fees and expenses necessary to finalize the Loan Documents, including but not limited to reasonable attorneys' fees, UCC searches, filing costs, and other miscellaneous expenses. In addition, Borrower promises to pay any and all reasonable and documented attorneys' and other professionals' fees (including allocated costs of in-house counsel) and expenses incurred by Agent and Lenders after the Closing Date in connection with or related to: (a) the Loan; (b) the administration, collection, or enforcement of the Loan; (c) the amendment or modification of the Loan Documents; (d) any waiver, consent, release, or termination under the Loan Documents; (e) the protection, preservation, audit, field exam, sale, lease, liquidation, or disposition of Collateral or the exercise of remedies with respect to the Collateral; (f) any legal, litigation, administrative, arbitration, or out of court proceeding in connection with or related to Borrower or the Collateral, and any appeal or review thereof; and (g) any bankruptcy, restructuring, reorganization, assignment for the benefit of creditors, workout, foreclosure, or other action related to Borrower, the Collateral, the Loan Documents, including representing Agent or Lenders in any adversary proceeding or contested matter commenced or continued by or on behalf of Borrower's estate, and any appeal or review thereof.

11.13 Confidentiality. Agent and Lenders acknowledge that certain items of Collateral and information (including financial information and projections) provided to Agent and Lenders by Borrower under this Agreement or the other Loan Documents are confidential and proprietary information of Borrower, if and to the extent such information either (x) is marked as confidential by Borrower at the time of disclosure (including, without limitation, via inclusion in a virtual data room that can only be accessed under terms of confidentiality), or (y) should reasonably be understood to be confidential (the "Confidential Information"). Accordingly, Agent and Lenders agree that any Confidential Information it may obtain in the course of acquiring, administering, or perfecting Agent's security interest in the Collateral or otherwise in connection with this shall not be disclosed to any other Person or entity in any manner whatsoever, in whole or in part, without the prior written consent of Borrower, except that Agent and Lenders may disclose any such information: (a) to its Affiliates and its partners, investors, lenders, directors, officers, employees, agents, advisors, counsel, accountants, representatives and other professional advisors if Agent or Lenders in their sole discretion determine that any such party should have access to such information in connection with such party's responsibilities in connection with the Loan or this Agreement and, provided that such recipient of such Confidential Information either (i) agrees to be bound by the confidentiality provisions of this Section or (ii) is otherwise subject to confidentiality restrictions that reasonably protect against the disclosure of Confidential Information; (b) if such information is generally available to the public or to the extent such information becomes publicly available other than as a result of a breach of this Section or becomes available to Agent or any Lender, or any of their respective Affiliates on a non-confidential basis from a source other than Borrower; (c) if required in any report, statement or testimony submitted to any Governmental Authority having or claiming to have jurisdiction over Agent or Lenders and on a confidential basis to any rating agency;

(d) if required in response to any summons or subpoena or in connection with any litigation, to the extent permitted or deemed advisable by Agent's or Lenders' counsel; (e) to comply with any legal requirement or law applicable to Agent or Lenders or demanded by any Governmental Authority; (f) to the extent reasonably necessary in connection with the exercise of, or preparing to exercise, or the enforcement of, or preparing to enforce, any right or remedy under any Loan Document (including Agent's sale, lease, or other disposition of Collateral after the occurrence and during the continuance of an Event of Default), or any action or proceeding relating to any Loan Document; (g) to any participant or assignee of Agent or Lenders or any prospective participant or assignee, provided, that prior to such disclosure such participant or assignee or prospective participant or assignee is subject to confidentiality restrictions that reasonably protect against the disclosure of Confidential Information; (h) to any investor or potential investor (and each of their respective Affiliates or clients) in Agent or Lenders (or each of their respective Affiliates); provided that such investor, potential investor, Affiliate or client is subject to confidentiality obligations with respect to the Confidential Information no less restrictive than those set forth in this Section 11.13; [***]; (i) otherwise to the extent consisting of general portfolio information that does not identify Borrower; or (j) otherwise with the prior consent of Borrower; provided, that any disclosure made in violation of this Agreement shall not affect the obligations of Borrower or any of its Affiliates or any Guarantor under this Agreement or the other Loan Documents. Agent's and Lenders' obligations under this Section 11.13 shall supersede all of their respective obligations under the Non-Disclosure Agreement. This Section 11.13 shall continue in full force and effect for two years following the termination of this Agreement; provided however that this Section 11.13 shall continue in full force and effect in respect of the Material Licenses following the termination of this Agreement.

11.14Assignment of Rights. Borrower acknowledges and understands that Agent or Lenders may, subject to Section 11.7, sell and assign all or part of its interest hereunder and under the Loan Documents to any Person or entity (an "Assignee"). After such assignment the term "Agent" or "Lender" as used in the Loan Documents shall mean and include such Assignee, and such Assignee shall be vested with all rights, powers and remedies of Agent and Lenders hereunder with respect to the interest so assigned; but with respect to any such interest not so transferred, Agent and Lenders shall retain all rights, powers and remedies hereby given. No such assignment by Agent or Lenders shall relieve Borrower of any of its obligations hereunder. Lenders agree that in the event of any transfer by it of the promissory note(s) (if any), it will endorse thereon a notation as to the portion of the principal of the promissory note(s), which shall have been paid at the time of such transfer and as to the date to which interest shall have been last paid thereon.

11.15Revival of Secured Obligations. This Agreement and the Loan Documents shall remain in full force and effect and continue to be effective if any petition is filed by or against Borrower for liquidation or reorganization, if Borrower becomes insolvent or makes an assignment for the benefit of creditors, if a receiver or trustee is appointed for all or any significant part of Borrower's assets, or if any payment or transfer of Collateral is recovered from Agent or Lenders. The Loan Documents and the Secured Obligations and Collateral security shall continue to be effective, or shall be revived or reinstated, as the case may be, if at any time payment and performance of the Secured Obligations or any transfer of Collateral to Agent, or any part thereof is rescinded, avoided or avoidable, reduced in amount, or must otherwise be restored or returned by, or is recovered from, Agent, Lenders or by any obligee of the Secured Obligations, whether as a "voidable preference," "fraudulent conveyance," or otherwise, all as though such payment, performance, or transfer of Collateral had not been made. In the event that any payment, or any part thereof, is rescinded, reduced, avoided, avoidable, restored, returned, or recovered, the Loan Documents and the Secured Obligations shall be deemed, without any further action or

documentation, to have been revived and reinstated except to the extent of the full, final, and indefeasible payment to Agent or Lenders in Cash.

11.16Counterparts. This Agreement and any amendments, waivers, consents or supplements hereto may be executed in any number of counterparts, and by different parties hereto in separate counterparts, each of which when so delivered shall be deemed an original, but all of which counterparts shall constitute but one and the same instrument.

11.17No Third-Party Beneficiaries. No provisions of the Loan Documents are intended, nor will be interpreted, to provide or create any third-party beneficiary rights or any other rights of any kind in any Person other than Agent, Lenders and Borrower unless specifically provided otherwise herein, and, except as otherwise so provided, all provisions of the Loan Documents will be personal and solely among Agent, Lenders and the Loan Parties party thereto.

11.18Agency. Agent and each Lender hereby agree to the terms and conditions set forth on Addendum 4 attached hereto. Borrower acknowledges and agrees to the terms and conditions set forth on Addendum 4 attached hereto.

11.19Publicity. Notwithstanding anything else herein to the contrary, Borrower hereby agrees that Agent and Lender may, at Agent's or such Lender's sole expense, and except as otherwise specified in this Section 11.19 without any prior approval by or compensation to the Borrower, at any time after Company has filed a Current Report on Form 8-K announcing this Agreement, make a public announcement of the transactions contemplated by this Agreement, and may publicize or use (a) the other party's name (including a brief description of the relationship among the parties hereto), logo (subject to Company's review and approval) or hyperlink to such other parties' web site, separately or together, in written and oral presentations, advertising, promotional and marketing materials, client lists, public relations materials or on its web site (together, the "Publicity Materials"); (b) the names of officers of such other parties in the Publicity Materials; and (c) subject to Company's review and approval, such other parties' name, trademarks, servicemarks in any news or press release concerning such party, in each case to the extent such information is not deemed confidential in accordance with Section 11.13.

11.20Multiple Borrowers. Each Borrower hereby agrees to the terms and conditions set forth on Addendum 5 attached hereto.

11.21[Reserved.]

11.22Managerial Assistance. Borrower acknowledges that Hercules Capital, Inc. has elected to be regulated as a business development company under the 1940 Act, and as such is required to make available significant managerial assistance to its portfolio companies. Significant managerial assistance may include, but is not limited to, guidance and counsel concerning the portfolio company's management, operations, business objectives and policies, arrangement of financing, management of relationships with financing sources, recruitment of management personnel and evaluation of acquisition and divestiture opportunities. Borrower hereby acknowledges and agrees that it may request such assistance at any time from Hercules Capital, Inc. by contacting [***].

11.23Electronic Execution of Certain Other Documents. The words "execution," "execute," "signed," "signature," and words of like import in or related to any document to be signed in connection with this Agreement and the transactions contemplated hereby (including without limitation assignments, assumptions, amendments, waivers and consents) shall be deemed to include

electronic signatures, the electronic matching of assignment terms and contract formations on electronic platforms approved by Agent, or the keeping of records in electronic form, each of which shall be of the same legal effect, validity or enforceability as a manually executed signature or the use of a paper-based recordkeeping system, as the case may be, to the extent and as provided for in any applicable law, including the Federal Electronic Signatures in Global and National Commerce Act, the California Uniform Electronic Transaction Act, or any other similar state laws based on the Uniform Electronic Transactions Act.

(SIGNATURES TO FOLLOW)

IN WITNESS WHEREOF, Borrower, Agent and Lenders have duly executed and delivered this Loan and Security Agreement as of the day and year first above written.

BORROWER:

ALECTOR, INC.

Signature: /s/ Marc Grasso

Print Name: Marc Grasso, M.D.

Title: Chief Financial Officer

ALECTOR LLC

Signature: /s/ Marc Grasso

Print Name: Marc Grasso, M.D.

Title: Chief Financial Officer

Accepted in Palo Alto, California:

AGENT:

HERCULES CAPITAL, INC.

Signature: /s/ Seth Meyer

Print Name: Seth Meyer

Title: Chief Financial Officer

LENDERS:

HERCULES CAPITAL, INC.

Signature: /s/ Seth Meyer

Print Name: Seth Meyer

Title: Chief Financial Officer

HERCULES CAPITAL IV, L.P., a Delaware limited partnership

By: Hercules Technology SBIC Management, LLC, its General Partner

By: Hercules Capital, Inc., its Manager

Signature: /s/ Seth Meyer

Print Name: Seth Meyer

Title: Chief Financial Officer

HERCULES SBIC V, L.P.

By: Hercules Technology SBIC Management, LLC, its General Partner

By: Hercules Capital, Inc., its Manager

Signature: /s/ Seth Meyer

Print Name: Seth Meyer

Title: Chief Financial Officer

HERCULES PRIVATE GLOBAL VENTURE GROWTH FUND I L.P.

By: Hercules Technology SBIC Management, LLC, its General Partner

By: Hercules Capital, Inc., its Manager

Signature: /s/ Seth Meyer

Print Name: Seth Meyer

Title: Chief Financial Officer

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ADDENDUM 1 to LOAN AND SECURITY AGREEMENT

TAXES; INCREASED COSTS

1. **Defined Terms.** For purposes of this Addendum 1:

- a. “**Connection Income Taxes**” means Other Connection Taxes that are imposed on or measured by net income (however denominated) or that are franchise Taxes or branch profits Taxes.
- b. “**Excluded Taxes**” means any of the following Taxes imposed on or with respect to a Recipient or required to be withheld or deducted from a payment to a Recipient, (i) Taxes imposed on or measured by net income (however denominated), franchise Taxes, and branch profits Taxes, in each case, (A) imposed as a result of such Recipient being organized under the laws of, or having its principal office or, in the case of any Lender, its applicable lending office located in, the jurisdiction imposing such Tax (or any political subdivision thereof) or (B) that are Other Connection Taxes, (ii) in the case of a Lender, U.S. federal withholding Taxes imposed on amounts payable to or for the account of such Lender with respect to an applicable interest in a Loan or Term Commitment pursuant to a law in effect on the date on which (A) such Lender acquires such interest in the Loan or Term Commitment or (B) such Lender changes its lending office, except in each case to the extent that, pursuant to Section 2 or Section 4 of this Addendum 1, amounts with respect to such Taxes were payable either to such Lender’s assignor immediately before such Lender became a party hereto or to such Lender immediately before it changed its lending office, (iii) Taxes attributable to such Recipient’s failure to comply with Section 7 of this Addendum 1 and (iv) any withholding Taxes imposed under FATCA.
- c. “**FATCA**” means Sections 1471 through 1474 of the Code, as of the date of this Agreement (or any amended or successor version that is substantively comparable and not materially more onerous to comply with), any current or future regulations or official interpretations thereof, any agreements entered into pursuant to Section 1471(b)(1) of the Code, and any fiscal or regulatory legislation, rules or practices adopted pursuant to any intergovernmental agreement, treaty or convention among Governmental Authorities and implementing such Sections of the Code.
- d. “**Foreign Lender**” means any Lender that is not a U.S. Person.
- e. “**Indemnified Taxes**” means (i) Taxes, other than Excluded Taxes, imposed on or with respect to any payment made by or on account of any obligation of Borrower under any Loan Document and (ii) to the extent not otherwise described in clause (i), Other Taxes.
- f. “**Other Connection Taxes**” means, with respect to any Recipient, Taxes imposed as a result of a present or former connection between such Recipient and the jurisdiction imposing such Tax (other than connections arising from such Recipient having executed, delivered, become a party to, performed its obligations under, received payments under, received or perfected a security interest under, engaged in any other transaction pursuant to or enforced any Loan Document, or sold or assigned an interest in any Loan or Loan Document).
- g. “**Other Taxes**” means all present or future stamp, court or documentary, intangible, recording, filing or similar Taxes that arise from any payment made under, from the execution, delivery, performance, enforcement or registration of, from the receipt or perfection of a

security interest under, or otherwise with respect to, any Loan Document, except any such Taxes that are Other Connection Taxes imposed with respect to an assignment.

h. “**Recipient**” means Agent or any Lender, as applicable.

i. “**Withholding Agent**” means Borrower and Agent.

2. **Payments Free of Taxes.** Any and all payments by or on account of any obligation of Borrower under any Loan Document shall be made without deduction or withholding for any Taxes, except as required by applicable law. If any applicable law (as determined in the good faith discretion of an applicable Withholding Agent) requires the deduction or withholding of any Tax from any such payment by a Withholding Agent, then the applicable Withholding Agent shall be entitled to make such deduction or withholding and shall timely pay the full amount deducted or withheld to the relevant Governmental Authority in accordance with applicable law and, if such Tax is an Indemnified Tax, then the sum payable by Borrower shall be increased as necessary so that after such deduction or withholding has been made (including such deductions and withholdings applicable to additional sums payable under this Section 2 or Section 4 of this Addendum 1) the applicable Recipient receives an amount equal to the sum it would have received had no such deduction or withholding been made.
3. **Payment of Other Taxes by Borrower.** Borrower shall timely pay to the relevant Governmental Authority in accordance with applicable law, or at the option of Agent timely reimburse it for the payment of, any Other Taxes.
4. **Indemnification by Borrower.** Borrower shall indemnify each Recipient, within ten (10) days after demand therefor, for the full amount of any Indemnified Taxes (including Indemnified Taxes imposed or asserted on or attributable to amounts payable under Section 2 of this Addendum 1 or this Section 4) payable or paid by such Recipient or required to be withheld or deducted from a payment to such Recipient and any reasonable expenses arising therefrom or with respect thereto, whether or not such Indemnified Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate describing the amount of such payment or liability delivered to Borrower by a Lender (with a copy to Agent), or by Agent on its own behalf or on behalf of a Lender, shall be conclusive absent manifest error. In addition, Borrower agrees to pay, and to hold Agent and any Lender harmless from, any liabilities with respect to, or resulting from any delay in paying, any excise, sales or other similar Taxes (excluding Taxes imposed on or measured by the net income of Agent or such Lender) that may be payable or determined to be payable with respect to any of the Collateral or this Agreement.
5. **Indemnification by Lenders.** Each Lender shall severally indemnify Agent, within ten (10) days after demand therefor, for (a) any Indemnified Taxes attributable to such Lender (but only to the extent that Borrower has not already indemnified Agent for such Indemnified Taxes and without limiting the obligation of Borrower to do so), (b) any Taxes attributable to such Lender’s failure to comply with the provisions of Section 11.8 of the Agreement relating to the maintenance of a Participant Register and (c) any Excluded Taxes attributable to such Lender, in each case, that are payable or paid by Agent in connection with any Loan Document, and any reasonable expenses arising therefrom or with respect thereto, whether or not such Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate as to the amount of such payment or liability delivered to any Lender by Agent shall be conclusive absent manifest error. Each Lender hereby authorizes Agent to set off and apply any and all amounts at any time owing to such Lender under any Loan Document or otherwise payable by Agent to Lenders from any other source against any amount due to Agent under this Section 5.

6. **Evidence of Payments.** As soon as practicable after any payment of Taxes by Borrower to a Governmental Authority pursuant to the provisions of this Addendum 1, Borrower shall deliver to Agent the original or a certified copy of a receipt issued by such Governmental Authority evidencing such payment, a copy of the return reporting such payment or other evidence of such payment reasonably satisfactory to Agent.
7. **Status of Lenders.**
- a. Any Lender that is entitled to an exemption from or reduction of withholding Tax with respect to payments made under any Loan Document shall deliver to Borrower and Agent, at the time or times reasonably requested by Borrower or Agent, such properly completed and executed documentation reasonably requested by Borrower or Agent as will permit such payments to be made without withholding or at a reduced rate of withholding. In addition, any Lender, if reasonably requested by Borrower or Agent, shall deliver such other documentation prescribed by applicable law or reasonably requested by Borrower or Agent as will enable Borrower or Agent to determine whether or not such Lender is subject to backup withholding or information reporting requirements. Notwithstanding anything to the contrary in the preceding two sentences, the completion, execution and submission of such documentation (other than such documentation set forth in Sections 7(b)(i), 7(b)(ii), and 7(b)(iv) of this Addendum 1) shall not be required if in such Lender's reasonable judgment such completion, execution or submission would subject such Lender to any material unreimbursed cost or expense or would materially prejudice the legal or commercial position of such Lender.
 - b. Without limiting the generality of the foregoing, in the event that Borrower is a U.S. Person,
 - i. any Lender that is a U.S. Person shall deliver to Borrower and Agent on or prior to the date on which such Lender becomes a Lender under this Agreement (and from time to time thereafter upon the reasonable request of Borrower or Agent), executed copies of IRS Form W-9 certifying that such Lender is exempt from U.S. federal backup withholding tax;
 - ii. any Foreign Lender shall, to the extent it is legally entitled to do so, deliver to Borrower and Agent (in such number of copies as shall be requested by the recipient) on or prior to the date on which such Foreign Lender becomes a Lender under this Agreement (and from time to time thereafter upon the reasonable request of Borrower or Agent), whichever of the following is applicable:
 - A. in the case of a Foreign Lender claiming the benefits of an income tax treaty to which the United States is a party (x) with respect to payments of interest under any Loan Document, executed copies of IRS Form W-8BEN or IRS Form W-8BEN-E establishing an exemption from, or reduction of, U.S. federal withholding Tax pursuant to the "interest" article of such tax treaty and (y) with respect to any other applicable payments under any Loan Document, IRS Form W-8BEN or IRS Form W-8BEN-E establishing an exemption from, or reduction of, U.S. federal withholding Tax pursuant to the "business profits" or "other income" article of such tax treaty;
 - B. executed copies of IRS Form W-8ECI;
 - C. in the case of a Foreign Lender claiming the benefits of the exemption for portfolio interest under Section 881(c) of the Code, (x) a certificate

substantially in the form of Exhibit J-1 to the effect that such Foreign Lender is not a “bank” within the meaning of Section 881(c)(3)(A) of the Code, a “10 percent shareholder” of Borrower within the meaning of Section 871(h)(3)(B) of the Code, or a “controlled foreign corporation” related to Borrower as described in Section 881(c)(3)(C) of the Code (a “U.S. Tax Compliance Certificate”) and (y) executed copies of IRS Form W-8BEN or IRS Form W-8BEN-E; or

- D. to the extent a Foreign Lender is not the beneficial owner, executed copies of IRS Form W-8IMY, accompanied by IRS Form W-8ECI, IRS Form W-8BEN, IRS Form W-8BEN-E, a U.S. Tax Compliance Certificate substantially in the form of Exhibit J-2 or Exhibit J-3, IRS Form W-9, and/or other certification documents from each beneficial owner, as applicable; provided that if the Foreign Lender is a partnership and one or more direct or indirect partners of such Foreign Lender are claiming the portfolio interest exemption, such Foreign Lender may provide a U.S. Tax Compliance Certificate substantially in the form of Exhibit J-4 on behalf of each such direct and indirect partner;

iii.any Foreign Lender shall, to the extent it is legally entitled to do so, deliver to Borrower and Agent (in such number of copies as shall be requested by the recipient) on or prior to the date on which such Foreign Lender becomes a Lender under this Agreement (and from time to time thereafter upon the reasonable request of Borrower or Agent), executed copies of any other form prescribed by applicable law as a basis for claiming exemption from or a reduction in U.S. federal withholding Tax, duly completed, together with such supplementary documentation as may be prescribed by applicable law to permit Borrower or Agent to determine the withholding or deduction required to be made; and

iv.if a payment made to a Lender under any Loan Document would be subject to U.S. federal withholding Tax imposed by FATCA if such Lender were to fail to comply with the applicable reporting requirements of FATCA (including those contained in Section 1471(b) or 1472(b) of the Code, as applicable), such Lender shall deliver to Borrower and Agent at the time or times prescribed by law and at such time or times reasonably requested by Borrower or Agent such documentation prescribed by applicable law (including as prescribed by Section 1471(b)(3)(C)(i) of the Code) and such additional documentation reasonably requested by Borrower or Agent as may be necessary for Borrower and Agent to comply with their obligations under FATCA and to determine that such Lender has complied with such Lender’s obligations under FATCA or to determine the amount, if any, to deduct and withhold from such payment. Solely for purposes of this clause (iv), “FATCA” shall include any amendments made to FATCA after the date of this Agreement.

- c. Each Lender agrees that if any form or certification it previously delivered expires or becomes obsolete or inaccurate in any respect, it shall update such form or certification or promptly notify Borrower and Agent in writing of its legal inability to do so.

8. **Treatment of Certain Refunds.** If any party determines, in its sole discretion exercised in good faith, that it has received a refund of any Taxes as to which it has been indemnified pursuant to the provisions of this Addendum 1 (including by the payment of additional amounts pursuant to the provisions of this

Addendum 1), it shall pay to the indemnifying party an amount equal to such refund (but only to the extent of indemnity payments made under the provisions of this Addendum 1 with respect to the Taxes giving rise to such refund), net of all out-of-pocket expenses (including Taxes) of such indemnified party and without interest (other than any interest paid by the relevant Governmental Authority with respect to such refund). Such indemnifying party, upon the request of such indemnified party, shall repay to such indemnified party the amount paid over pursuant to this Section 8 (plus any penalties, interest or other charges imposed by the relevant Governmental Authority) in the event that such indemnified party is required to repay such refund to such Governmental Authority. Notwithstanding anything to the contrary in this Section 8, in no event will the indemnified party be required to pay any amount to an indemnifying party pursuant to this Section 8 the payment of which would place the indemnified party in a less favorable net after-Tax position than the indemnified party would have been in if the Tax subject to indemnification and giving rise to such refund had not been deducted, withheld or otherwise imposed and the indemnification payments or additional amounts with respect to such Tax had never been paid. This Section 8 shall not be construed to require any indemnified party to make available its Tax returns (or any other information relating to its Taxes that it deems confidential) to the indemnifying party or any other Person.

9. **Increased Costs.** If any change in applicable law shall subject any Recipient to any Taxes (other than (A) Indemnified Taxes, (B) Taxes described in clauses (ii) through (iv) of the definition of Excluded Taxes and (C) Connection Income Taxes) on its loans, loan principal, commitments, or other obligations, or its deposits, reserves, other liabilities or capital attributable thereto, and the result shall be to increase the cost to such Recipient of making, converting to, continuing or maintaining any Term Loan Advance or of maintaining its obligation to make any such Loan, or to reduce the amount of any sum received or receivable by such Recipient (whether of principal, interest or any other amount), then, upon the request of such Recipient, Borrower will pay to such Recipient such additional amount or amounts as will compensate such Recipient for such additional costs incurred or reduction suffered.
10. **Survival.** Each party's obligations under the provisions of this Addendum 1 shall survive the resignation or replacement of Agent or any assignment of rights by, or the replacement of, a Lender, the termination of the Term Commitments and the repayment, satisfaction or discharge of all obligations under any Loan Document.
11. **OID Legend.** The following legend shall be included in any promissory note constituting a Loan Document: **"THE PROMISSORY NOTE HEREUNDER HAS BEEN ISSUED WITH ORIGINAL ISSUE DISCOUNT ("OID") FOR U.S. FEDERAL INCOME TAX PURPOSES. THE ISSUE PRICE, AMOUNT OF OID, ISSUE DATE AND YIELD TO MATURITY OF THE PROMISSORY NOTE MAY BE OBTAINED FROM THE MAKER BY CONTACTING:** [Details such as name of officer, title, address, contact information to be provided by Borrower].

ADDENDUM 2 to LOAN AND SECURITY AGREEMENT

Delivery Instructions

The Compliance Certificate shall be uploaded and executed via Lumonic¹. Except as otherwise specified in Section 7.1, all other financial reports required to be furnished to Agent pursuant to Section 7.1 shall be submitted via Lumonic.

The Compliance Certificate and other financial reports required to be furnished to Agent pursuant to Section 7.1 may be sent to [***] with a copy to [***], should access to Lumonic be temporarily unavailable.

¹ All references to Lumonic shall be interpreted as the Portfolio Management Software currently in use by Agent. Lumonic can be reached at the following URL: <https://lumonic.com/>

ADDENDUM 3 to LOAN AND SECURITY AGREEMENT

SBIC

(a) *Borrower's Business.* For purposes of this Addendum 3, Borrower shall be deemed to include its "affiliates" as defined in Title 13 Code of Federal Regulations Section 121.103. Borrower (i) represents and warrants to Agent and Lenders, with respect to subsection 1 below, as of the initial SBA Funding Date, and (ii) represents and warrants to Agent and Lenders, as of each SBA Funding Date and covenants to Agent and Lenders for a period of one year after each SBA Funding Date or for such longer period as set forth below with respect to subsections 2, 3, 4, 5, 6 and 7 below, as follows:

1. Size Status. Borrower's primary NAICS code is [***] and has less than [***] employees in the aggregate (as determined in accordance with Title 13 Code of Federal Regulations Section 121.106);
 2. No Relender. Borrower's primary business activity does not involve, directly or indirectly, providing funds to others, purchasing debt obligations, factoring, or long-term leasing of equipment with no provision for maintenance or repair;
 3. No Passive Business. Borrower is engaged in a regular and continuous business operation (excluding the mere receipt of payments such as dividends, rents, lease payments, or royalties). Borrower's employees are carrying on the majority of day to day operations. Borrower will not pass through substantially all of the proceeds of the Loan to another entity;
 4. No Real Estate Business. Borrower is not classified under North American Industry Classification System (NAICS) codes 531110 (lessors of residential buildings and dwellings), 531120 (lessors of nonresidential buildings except miniwarehouses), 531190 (lessors of other real estate property), 237210 (land subdivision), or 236117 (new housing for-sale builders). Borrower is not classified under NAICS codes 236118 (residential remodelers), 236210 (industrial building construction), or 236220 (commercial and institutional building construction), if Borrower is primarily engaged in construction or renovation of properties on its own account rather than as a hired contractor. Borrower is not classified under NAICS codes 531210 (offices of real estate agents and brokers), 531311 (residential property managers), 531312 (nonresidential property managers), 531320 (offices of real estate appraisers), or 531390 (other activities related to real estate), unless it derives at least 80 percent of its revenue from non-Affiliate sources. The proceeds of the Loan will not be used to acquire or refinance real property unless Borrower (x) is acquiring an existing property and will use at least 51 percent of the usable square footage for its business purposes; (y) is building or renovating a building and will use at least 67 percent of the usable square footage for its business purposes; or (z) occupies the subject property and uses at least 67 percent of the usable square footage for its business purposes.
 5. No Project Finance. Borrower's assets are not intended to be reduced or consumed, generally without replacement, as the life of its business
-

progresses, and the nature of Borrower's business does not require that a stream of cash payments be made to the business's financing sources, on a basis associated with the continuing sale of assets (e.g., real estate development projects and oil and gas wells). The primary purpose of the Loan is not to fund production of a single item or defined limited number of items, generally over a defined production period, where such production will constitute the majority of the activities of Borrower (e.g., motion pictures and electric generating plants).

6. No Farm Land Purchases. Borrower will not use the proceeds of the Loan to acquire farm land which is or is intended to be used for agricultural or forestry purposes, such as the production of food, fiber, or wood, or is so taxed or zoned.
7. No Foreign Investment. The proceeds of the Loan will not be used substantially for a foreign operation, passed through to a foreign business or used to acquire a foreign business. Borrower will not have, on or within one year after each SBA Funding Date and each other Loan provided by a Lender that is an SBIC more than 49 percent of its employees or tangible assets located outside the United States of America.

(b) *Small Business Administration Documentation.* Agent and Lenders acknowledge that Borrower completed, executed and delivered to Agent prior to each SBA Funding Date SBA Forms 480, 652 and 1031 (Parts A and B) together with a business plan showing Borrower's financial projections (including balance sheets and income and cash flows statements) for the period described therein and a written statement (whether included in the purchase agreement or pursuant to a separate statement) from Agent regarding its intended use of proceeds from the sale of securities to Lenders (the "Use of Proceeds Statement"). Borrower represents and warrants to Agent and Lenders that the information regarding Borrower and its affiliates set forth in the SBA Form 480, Form 652 and Form 1031 and the Use of Proceeds Statement delivered as of each SBA Funding Date is accurate and complete.

(c) *Inspection.* The following covenants contained in this Section (c) are intended to supplement and not to restrict the related provisions of the Loan Documents. Subject to the preceding sentence, Borrower will permit, for so long as Lenders hold any debt or equity securities of Borrower, Agent, Lenders or their representative, at Agent's or Lenders' expense, and examiners of the SBA to visit and inspect the properties and assets of Borrower, to examine its books of account and records, and to discuss Borrower's affairs, finances and accounts with Borrower's officers, senior management and accountants, all at such reasonable times as may be requested by Agent or Lenders or the SBA.

(d) *Annual Assessment.* Upon written request of Agent or Lender, promptly after the end of each calendar year (but in any event prior to February 28 of each year) and at such other times as may be reasonably requested by Agent or Lenders, Borrower will deliver to Agent a written assessment of the economic impact of Lenders' investment in Borrower, specifying the full-time equivalent net jobs created and total jobs created or retained in connection with the investment, the impact of the investment on the revenues and profits of Borrower's business and on taxes paid by Borrower and its employees, and such other information as may be required regarding Borrower in connection with the filing of Lenders' SBA Form 468. Lenders will assist Borrower with preparing such assessment. In addition to any other rights granted hereunder, Borrower will grant Agent and

Lenders and the SBA access to Borrower's books and records for the purpose of verifying the use of such proceeds. Borrower also will furnish or cause to be furnished to Agent and Lenders such other information regarding the business, affairs and condition of Borrower as Agent or Lenders may from time to time reasonably request, and such information shall be certified by the President, Chief Executive Officer or Chief Financial Officer of Borrower to the extent requested by Agent or Lender for compliance with the SBIC Act.

(e) *Use of Proceeds.* Borrower will use the proceeds from the Loan only for purposes set forth in Section 7.17. Borrower will deliver to Agent from time to time promptly following Agent's request, a written report, certified as correct by Borrower's Chief Financial Officer, verifying the purposes and amounts for which proceeds from the Loan have been disbursed. Borrower will supply to Agent such additional information and documents as Agent reasonably requests with respect to its use of proceeds and will permit Agent and Lenders and the SBA to have access to any and all Borrower records and information and personnel as Agent deems necessary to verify how such proceeds have been or are being used, and to assure that the proceeds have been used for the purposes specified in Section 7.17.

(f) *Activities and Proceeds.* Neither Borrower nor any of its Subsidiaries (if any) will engage in any activities or use directly or indirectly the proceeds from the Loan for any purpose for which a small business investment company is prohibited from providing funds by the SBIC Act, including 13 C.F.R. §107.720. Borrower shall not, nor shall it cause or permit any of its subsidiaries to, without obtaining the prior written approval of Agent, change Borrower's or any such subsidiary's business activities from that conducted on the date hereof to a business activity from which a licensee under the SBIC Act is prohibited from providing funds by the SBIC Act. Borrower agrees that any such change in its or any such subsidiary's business activities without such prior written consent of Agent shall constitute a material breach of the obligations of Borrower under this Addendum 3.

(g) *Compliance and Resolution.* Borrower agrees that a failure to comply with Borrower's obligations under this Addendum, or any other set of facts or circumstances where it has been asserted by any governmental regulatory agency (or Agent or Lenders believes that there is a substantial risk of such assertion) that Agent, Lenders and their affiliates are not entitled to hold, or exercise any significant right with respect to, any securities issued to Lenders by Borrower, will constitute a breach of the obligations of Borrower under the financing agreements among Borrower, Agent and Lenders. In the event of (i) a failure to comply with Borrower's obligations under this Addendum; or (ii) an assertion by any governmental regulatory agency (or Agent or Lenders believe that there is a substantial risk of such assertion) of a failure to comply with Borrower's obligations under this Addendum, then (i) Agent, Lenders and Borrower will meet and resolve any such issue in good faith to the satisfaction of Borrower, Agent, Lenders, and any governmental regulatory agency, and (ii) upon request of Lenders or Agent, Borrower will cooperate and assist with any assignment of the financing agreements among Hercules SBIC V, L.P., and Hercules Capital, Inc.

ADDENDUM 4 to LOAN AND SECURITY AGREEMENT

Agent and Lender Terms

(a) Each Lender hereby irrevocably appoints Hercules Capital, Inc. to act on its behalf as Agent hereunder and under the other Loan Documents and irrevocably authorizes Agent to take such actions on its behalf and to exercise such powers as are delegated to Agent by the terms hereof or thereof, together with such actions and powers as are reasonably incidental thereto. Agent shall have only those duties which are specified in this Agreement and it may perform such duties by or through its agents, representatives or employees. In performing its duties on behalf of Lenders, Agent shall exercise the same care which it would exercise in dealing with loans made for its own account, but it shall not be responsible to any Lender for the execution, effectiveness, genuineness, validity, enforceability, collectability or sufficiency of all or any of the Loan Documents, or for any representations, warranties, recitals or statements made therein or made in any written or oral statement or in any financial or other statements, instruments, reports, certificates or any other documents furnished or delivered in connection herewith or therewith by Agent to any Lender or by or on behalf of Borrower to Agent or any Lender, or be required to ascertain or inquire as to the performance or observance of any of the terms, conditions, provisions, covenants or agreements contained herein or therein, as to the use of the proceeds of the Term Loan Advances, the contents of any certificate, report or other document delivered hereunder or thereunder or in connection herewith or therewith, the validity, enforceability, effectiveness or genuineness of this Agreement, any other Loan Document or any other agreement, instrument or document or the satisfaction of any condition set forth in Section 4 or elsewhere herein, other than to confirm receipt of items expressly required to be delivered to Agent. Agent shall not be responsible for insuring the Collateral or for the payment of any Taxes, assessments, charges or any other charges or liens of any nature whatsoever upon the Collateral or otherwise for the maintenance of the Collateral, except in the event Agent enters into possession of a part or all of the Collateral, in which event Agent shall preserve the part in its possession. Unless the officers of Agent acting in their capacity as officer of Agent on Borrower's account have actual knowledge thereof or have been notified in writing thereof by Lenders, Agent shall not be required to ascertain or inquire as to the existence or possible existence of any Event of Default.

(b) Neither Agent nor any of its officers, directors, employees, attorneys, representatives or agents shall be liable to Lenders for any action taken or omitted hereunder or under any of the other Loan Documents or in connection herewith or therewith unless caused by its or their gross negligence or willful misconduct. No provision of this Agreement or of any other Loan Document shall be deemed to impose any duty or obligation on Agent to perform any act or to exercise any power in any jurisdiction in which it shall be illegal, or shall be deemed to impose any duty or obligation on Agent to perform any act or exercise any right or power if such performance or exercise (a) would subject Agent to a Tax in a jurisdiction where it is not then subject to a Tax or (b) would require Agent to qualify to do business in any jurisdiction where it is not so qualified. Without prejudice to the generality of the foregoing, no Lender shall have any right of action whatsoever against Agent as a result of Agent acting or (where so instructed) refraining from acting under this Agreement or under any of the other Loan Documents in accordance with the instructions of Lenders. Agent shall be entitled to refrain from exercising any power, discretion or authority vested in it under this Agreement unless and until it has obtained the written instructions of Lenders. The agency hereby created shall in no way impair or affect any of the rights and powers of, or impose any duties or obligations upon Agent in its individual capacity. With respect to its participation in the Loan Agreement hereunder, Agent shall have the same rights and powers hereunder as any other Lender and may exercise the same rights and powers as though

it were not performing the duties and functions delegated to it hereunder and the term “Lender” or “Lenders” or any similar term shall unless the context clearly indicates otherwise include Agent in its individual capacity.

(c) Agent may rely, and shall be fully protected in acting, or refraining to act, upon, any resolution, statement, certificate, instrument, opinion, report, notice, request, consent, order, bond or other paper or document that it has no reason to believe to be other than genuine and to have been signed or presented by the proper party or parties or, in the case of cables, telecopies and telexes, to have been sent by the proper party or parties. In the absence of its gross negligence or willful misconduct, Agent may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon any certificates or opinions furnished to Agent and conforming to the requirements of this Agreement or any of the other Loan Documents. Agent may consult with counsel, and any opinion or legal advice of such counsel shall be full and complete authorization and protection in respect of any action taken, not taken or suffered by Agent hereunder or under any Loan Documents in accordance therewith. Agent shall have the right at any time to seek instructions concerning the administration of the Collateral from any court of competent jurisdiction. Agent shall not be under any obligation to exercise any of the rights or powers granted to Agent by this Agreement and the other Loan Documents at the request or direction of Lenders unless Agent shall have been provided by Lenders with adequate security and indemnity against the costs, expenses and liabilities that may be incurred by it in compliance with such request or direction.

(d) Each Lender agrees to indemnify Agent in its capacity as such (to the extent not reimbursed by Borrower and without limiting the obligation of Borrower to do so), according to its respective Term Commitment percentages (based upon the total outstanding Term Commitments) in effect on the date on which indemnification is sought under this Addendum 4, from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind whatsoever that may at any time be imposed on, incurred by or asserted against Agent in any way relating to or arising out of, this Agreement, any of the other Loan Documents or any documents contemplated by or referred to herein or therein or the transactions contemplated hereby or thereby or any action taken or omitted by Agent under or in connection with any of the foregoing; The agreements in this Section shall survive the payment of the Loans and all other amounts payable hereunder.

(e) To the extent not reimbursed either by Borrower or from the application of Collateral proceeds pursuant to Section 10.2, a Lender (the “Indemnified Lender”) shall be indemnified by the other Lender (an “Indemnifying Lender”), on a several basis in proportion to each Lender’s pro rata portion of the Term Commitment, and each Indemnifying Lender agrees to reimburse the Indemnified Lender for the Indemnifying Lender’s pro rata share of the following items (an “Indemnified Payment”):

(i) all reasonable out-of-pocket costs and expenses of the Indemnified Lender incurred by the Indemnified Lender in connection with the discharge of its activities under this Agreement or the Loan Agreement, including reasonable legal expenses and attorneys’ fees; provided, that the Indemnified Lender shall consult with the other Lender regarding the incurrence of such costs and expenses at reasonable intervals (but not more often than monthly) and any such reasonable costs and expenses shall be “Claims” hereunder notwithstanding any disagreement by the other Lender as to their incurrence; and

(ii) from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind or nature whatsoever, which may be imposed on, incurred by or asserted against the Indemnified Lender in any way relating to or arising out of this Agreement, or any action taken or omitted by the Indemnified Lender hereunder;

provided, however, that the Indemnified Lender shall not be reimbursed or indemnified for an Indemnified Payment, except to the extent that the Indemnified Lender paid more than its ratable share of such payment. All Indemnified Payments as set forth in this clause (e) to an Indemnified Lender are intended to be paid ratably by the other Lender.

(f) Agent in Its Individual Capacity. The Person serving as Agent hereunder shall have the same rights and powers in its capacity as a Lender as any other Lender and may exercise the same as though it were not Agent and the term “Lender” shall, unless otherwise expressly indicated or unless the context otherwise requires, include each such Person serving as Agent hereunder in its individual capacity.

(g) Exculpatory Provisions. Agent shall have no duties or obligations except those expressly set forth herein and in the other Loan Documents. Without limiting the generality of the foregoing, Agent shall not:

- (i) be subject to any fiduciary, advisory or other implied duties, regardless of whether any Default or any Event of Default has occurred and is continuing;
- (ii) have any duty to take any discretionary action or exercise any discretionary powers, except discretionary rights and powers expressly contemplated hereby or by the other Loan Documents that Agent is required to exercise as directed in writing by Lenders, provided that Agent shall not be required to take any action that, in its opinion or the opinion of its counsel, may expose Agent to liability or that is contrary to any Loan Document or applicable law; and
- (iii) except as expressly set forth herein and in the other Loan Documents, have any duty to disclose, and Agent shall not be liable for the failure to disclose, any information relating to Borrower or any of its Affiliates that is communicated to or obtained by any Person serving as Agent or any of its Affiliates in any capacity.

(h) In connection with any exercise of Enforcement Actions hereunder, neither any Agent nor any Lender or any of its partners, or any of their respective directors, officers, employees, attorneys, accountants, or agents shall be liable as such for any action taken or omitted by it or them, except for its or their own gross negligence or willful misconduct with respect to its duties under this Agreement.

(i) Each Lender and Agent may execute any of its powers and perform any duties hereunder either directly or by or through agents or attorneys-in-fact. Each Lender and Agent shall be entitled to advice of counsel concerning all matters pertaining to such powers and duties. No Lender or Agent shall be responsible for the negligence or misconduct of any agents or attorneys-in-fact selected by it, if the selection of such agents or attorneys-in-fact was done without gross negligence or willful misconduct.

(j) Each Lender agrees that it will make its own independent investigation of the financial condition and affairs of Borrower in connection with the making of Term Loan Advances pursuant to the Loan Agreement and has made and shall continue to make its own appraisal of the creditworthiness of Borrower. Neither Agent nor any Lender shall have any duty or responsibility either initially or on a continuing basis to make any such investigation or any such appraisal on behalf of all Lenders or to provide the other Lenders with any credit or other information with respect thereto whether coming into its possession before the date hereof or any time or times thereafter and shall further have no responsibility with respect to the accuracy of or the completeness of the information provided to Lenders by Borrower.

ADDENDUM 5 to LOAN AND SECURITY AGREEMENT

Multiple Borrower Terms

(a) **Borrower's Agent.** Each Borrower hereby irrevocably appoints Company as its agent, attorney-in-fact and legal representative for all purposes under the Loan Documents, including requesting disbursement of the Term Loan and receiving account statements and other notices and communications to Borrowers (or any of them) from Agent or any Lender. Agent may rely, and shall be fully protected in relying, on any request for the Term Loan Advances, disbursement instruction, report, information or any other notice or communication made or given by Company, whether in its own name or on behalf of one or more of the other Borrowers, and Agent shall not have any obligation to make any inquiry or request any confirmation from or on behalf of any other Borrower as to the binding effect on it of any such request, instruction, report, information, other notice or communication, nor shall the joint and several character of Borrowers' obligations hereunder be affected thereby.

(b) **Waivers.** Each Borrower hereby waives to the extent permitted by applicable law: (i) any right to require Agent to institute suit against, or to exhaust its rights and remedies against, any other Borrower or any other person, or to proceed against any property of any kind which secures all or any part of the Secured Obligations, or to exercise any right of offset or other right with respect to any reserves, credits or deposit accounts held by or maintained with Agent or any Indebtedness of Agent or any Lender to any other Borrower, or to exercise any other right or power, or pursue any other remedy Agent or any Lender may have; (ii) any defense arising by reason of any disability or other defense of any other Borrower or any guarantor or any endorser, co-maker or other person, or by reason of the cessation from any cause whatsoever of any liability of any other Borrower or any guarantor or any endorser, co-maker or other person, with respect to all or any part of the Secured Obligations, or by reason of any act or omission of Agent or others which directly or indirectly results in the discharge or release of any other Borrower or any guarantor or any other person or any Secured Obligations or any security therefor, whether by operation of law or otherwise; (iii) any defense arising by reason of any failure of Agent to obtain, perfect, maintain or keep in force any Lien on, any property of any Borrower or any other person; (iv) any defense based upon or arising out of any bankruptcy, insolvency, reorganization, arrangement, readjustment of debt, liquidation or dissolution proceeding commenced by or against any other Borrower or any guarantor or any endorser, co-maker or other person, including without limitation any discharge of, or bar against collecting, any of the Secured Obligations (including without limitation any interest thereon), in or as a result of any such proceeding. Until all of the Secured Obligations (other than inchoate indemnity and reimbursement obligations which, by their terms, survive termination of this Agreement) have been paid in full, nothing shall discharge or satisfy the liability of any Borrower hereunder except the full payment of all of the Secured Obligations other than inchoate indemnity and reimbursement obligations which, by their terms, survive termination of this

Agreement. If any claim is ever made upon Agent for repayment or recovery of any amount or amounts received by Agent in payment of or on account of any of the Secured Obligations, because of any claim that any such payment constituted a preferential transfer or fraudulent conveyance, or for any other reason whatsoever, and Agent repays all or part of said amount by reason of any judgment, decree or order of any court or administrative body having jurisdiction over Agent or any of its property, or by reason of any settlement or compromise of any such claim effected by Agent with any such claimant (including without limitation the any other Borrower), then and in any such event, each Borrower agrees that any such judgment, decree, order, settlement and compromise shall be binding upon such Borrower, notwithstanding any revocation or release of this Agreement or the cancellation of any note or other instrument evidencing any of the Secured Obligations, or any release of any of the Secured Obligations, and each Borrower shall be and remain liable to Agent and Lenders under this Agreement for the amount so repaid or recovered, to the same extent as if such amount had never originally been received by Agent or any Lender, and the provisions of this sentence shall survive, and continue in effect, notwithstanding any revocation or release of this Agreement. Each Borrower hereby expressly and unconditionally waives to the extent permitted by applicable law all rights of subrogation, reimbursement and indemnity of every kind against any other Borrower, and all rights of recourse to any assets or property of any other Borrower, and all rights to any collateral or security held for the payment and performance of any Secured Obligations, including (but not limited to) any of the foregoing rights which Borrower may have under any present or future document or agreement with any other Borrower or other person, and including (but not limited to) any of the foregoing rights which any Borrower may have under any equitable doctrine of subrogation, implied contract, or unjust enrichment, or any other equitable or legal doctrine.

(c) Consents. Each Borrower hereby consents and agrees that, without notice to or by Borrower and without affecting or impairing in any way the obligations or liability of Borrower hereunder, Agent may, from time to time before or after revocation of this Agreement, do any one or more of the following in its sole and absolute discretion: (i) accept partial payments of, compromise or settle, renew, extend the time for the payment, discharge, or performance of, refuse to enforce, and release all or any parties to, any or all of the Secured Obligations; (ii) grant any other indulgence to any Borrower or any other Person in respect of any or all of the Secured Obligations or any other matter; (iii) accept, release, waive, surrender, enforce, exchange, modify, impair, or extend the time for the performance, discharge, or payment of, any and all property of any kind securing any or all of the Secured Obligations or any guaranty of any or all of the Secured Obligations, or on which Agent at any time may have a Lien, or refuse to enforce its rights or make any compromise or settlement or agreement therefor in respect of any or all of such property; (iv) substitute or add, or take any action or omit to take any action which results in the release of, any one or more other Borrowers or any endorsers or guarantors of all or any part of the Secured Obligations, including, without limitation one or more parties to this Agreement, regardless of any destruction or impairment of any right of contribution or other right of Borrower; (v) apply any sums received from any other Borrower, any guarantor, endorser, or co-signer, or from the disposition of any Collateral or security, to any Indebtedness whatsoever owing from such person or secured by such Collateral or security, in such manner and order as Agent determines in its sole discretion, and regardless of whether such Indebtedness is part of the Secured Obligations, is secured, or is due and payable. Each Borrower consents and agrees that Agent shall be under no obligation to marshal any assets in favor of Borrower, or against or in payment of any or all of the Secured Obligations. Each Borrower further consents and agrees that Agent shall have no duties or responsibilities whatsoever with respect to any property securing any or all of the Secured Obligations. Without limiting the generality of the foregoing, Agent shall have no obligation to

monitor, verify, audit, examine, or obtain or maintain any insurance with respect to, any property securing any or all of the Secured Obligations.

(d) Independent Liability. Each Borrower hereby agrees that one or more successive or concurrent actions may be brought hereon against such Borrower, in the same action in which any other Borrower may be sued or in separate actions, as often as deemed advisable by Agent. Each Borrower is fully aware of the financial condition of each other Borrower and is executing and delivering this Agreement based solely upon its own independent investigation of all matters pertinent hereto, and such Borrower is not relying in any manner upon any representation or statement of Agent or any Lender with respect thereto. Each Borrower represents and warrants that it is in a position to obtain, and each Borrower hereby assumes full responsibility for obtaining, any additional information concerning any other Borrower's financial condition and any other matter pertinent hereto as such Borrower may desire, and such Borrower is not relying upon or expecting Agent to furnish to it any information now or hereafter in Agent's possession concerning the same or any other matter.

(e) Subordination. All Indebtedness of a Borrower now or hereafter arising held by another Borrower is subordinated to the Secured Obligations and Borrower holding the Indebtedness shall take all actions reasonably requested by Agent to effect, to enforce and to give notice of such subordination.

EXHIBIT A
ADVANCE REQUEST

To: Agent: Date: _____, 202[]

Hercules Capital, Inc. (“Agent”)
[***]
email: [***]
Attn:

ALECTOR, INC., a Delaware corporation (“Company”), its Subsidiary AELCTOR, LLC, a Delaware limited liability company (“Alector Sub”), and each other Person that has delivered a Joinder Agreement pursuant to Section 7.13 from time to time party to the Agreement (together with Company and Alector Sub, individually or collectively, as the context may require, “Borrower”) hereby requests Agent to cause Lenders to make a [Tranche 1] [Tranche 2] Advance in the amount of _____ Dollars (\$_____) (the “Advance Amount”) on _____, _____ (the “Advance Date”) pursuant to the Loan and Security Agreement among Borrower, Agent and Lenders (the “Agreement”). Capitalized words and other terms used but not otherwise defined herein are used with the same meanings as defined in the Agreement.

Please:

(a) Issue a check payable to Borrower _____

or

(b) Wire Funds to Borrower’s account _____ [IF FILED PUBLICLY, ACCOUNT INFO REDACTED FOR SECURITY PURPOSES]

Bank: _____
Address: _____

ABA Number: _____
Account Number: _____
Account Name: _____
Contact Person: _____
Phone Number _____
To Verify Wire Info: _____
Email address: _____

Borrower represents that the conditions precedent to the Advance set forth in the Agreement are satisfied and shall be satisfied upon the making of such Advance, including but not limited to: (i) that no event that has had or could reasonably be expected to have a Material Adverse Effect has occurred and is continuing; (ii) that the representations and warranties set forth in the Loan Documents are and shall be true and correct in all material respects on and as of the Advance Date with the same effect as though made on and as of such date, except to the extent such representations and warranties expressly relate to an earlier date; (iii) that Borrower is in compliance with all the terms and provisions set forth in each Loan Document on its part to be observed or performed; and (iv) that as of the Advance Date, no fact or condition exists that constitutes (or could, with the passage of time, the giving of notice, or both constitute) an Event of Default under the Loan Documents. Borrower understands and acknowledges that Agent has the right to

review the financial information supporting this representation and, based upon such review in its sole discretion, Lenders may decline to fund the requested Advance.

Borrower hereby represents that Borrower's corporate status and locations have not changed since the date of the Agreement or, if the Attachment to this Advance Request is completed, are as set forth in the Attachment to this Advance Request.

[Borrower hereby authorizes Agent to deduct an amount from the proceeds of this Advance to be applied towards the payment of the Tranche Facility Charge applicable to this Advance.]²

Borrower agrees to notify Agent promptly before the funding of the Loan if any of the matters which have been represented above shall not be true and correct on the Advance Date and if Agent has received no such notice before the Advance Date then the statements set forth above shall be deemed to have been made and shall be deemed to be true and correct as of the Advance Date.

[REMAINDER OF PAGE INTENTIONALLY BLANK]

This Advance Request is duly executed as of the date set forth above.

COMPANY: ALECTOR, INC., on behalf of all Borrowers

SIGNATURE: _____

TITLE: _____

PRINT NAME: _____

² To be included if this is not a Tranche 1 Advance.

ATTACHMENT TO ADVANCE REQUEST

Dated: _____

Borrower hereby represents and warrants to Agent that Borrower's current legal name and organizational status is as follows:

Legal Name: [_____]

Type of organization: [_____]

State of organization: [_____]

Organization file number: [_____]

Borrower hereby represents and warrants to Agent that the street addresses, cities, states and postal codes of its current chief executive office locations are as follows:

[_____]

Borrower hereby represents and warrants to Agent that the Advance Amount does not exceed the Maximum Term Loan Amount as follows:

a. Advance Amount: \$ _____

b. [Maximum Term Loan Amount: \$ _____]

[c. Is clause a. less than or equal to clause b.? Yes/Compliant _____ No/Non-Compliant _____]

EXHIBIT B

NAME, LOCATIONS, AND OTHER INFORMATION FOR BORROWER

1. Borrower represents and warrants to Agent that Borrower's current legal name and organizational status as of the Closing Date is as follows:

Legal Name: Alector, Inc.

Type of organization: corporation

State of organization: Delaware

Organization file number: [***]

Borrower's fiscal year ends on December 31

Borrower's federal employee tax identification number is: 82-2933343

Legal Name: Alector LLC

Type of organization: limited liability company

State of organization: Delaware

Organization file number: [***]

Borrower's fiscal year ends on December 31

Borrower's federal employee tax identification number is: [***]

2. Borrower represents and warrants to Agent that for five (5) years prior to the Closing Date, Borrower did not do business under any other name or organization or form except the following: Not Applicable

Legal Name:

Used during dates of:

Type of Organization:

State of organization:

Organization file Number:

Borrower's fiscal year ends on _____

Borrower's federal employer tax identification number is: _____

3. Borrower represents and warrants to Agent that its chief executive office is located at 131 Oyster Point Blvd., Suite 600, South San Francisco, CA 94080.

EXHIBIT C

BORROWER'S PATENTS, TRADEMARKS, COPYRIGHTS AND LICENSES

[TO COME]

EXHIBIT D

BORROWER'S DEPOSIT ACCOUNTS AND INVESTMENT ACCOUNTS

The following are all financial institutions at which Borrower and its subsidiaries (if any) maintain deposit accounts:

***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***

The following are all financial institutions at which Borrower and its subsidiaries (if any) maintains securities accounts:

***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***

EXHIBIT E

COMPLIANCE CERTIFICATE

Hercules Capital, Inc. (as “Agent”)

Reference is made to that certain Loan and Security Agreement dated November [], 2024 and the Loan Documents (as defined therein) entered into in connection with such Loan and Security Agreement all as may be amended, restated, amended and restated, modified or supplemented from time to time (hereinafter referred to collectively as the “Loan Agreement”) by and among Hercules Capital, Inc. (“Agent”), the several banks and other financial institutions or entities from time to time party thereto (collectively, “Lender”) and ALECTOR, INC., a Delaware corporation (“Company”), its Subsidiary ALECTOR LLC, a Delaware limited liability company (“Alector Sub”), and each other Person that has delivered a Joinder Agreement pursuant to Section 7.13 from time to time party to the Loan Agreement (together with Company and Alector Sub, individually or collectively, as the context may require, “Borrower”). All capitalized terms not defined herein shall have the same meaning as defined in the Loan Agreement.

The undersigned is an Officer of Company, knowledgeable of all Company financial matters, and is authorized, on behalf of Company, to provide certification of information regarding Company; hereby certifies, on behalf of Company, that in accordance with the terms and conditions of the Loan Agreement, Company is in compliance for the period ending _____ with all covenants, conditions and terms of the Loan Agreement and hereby reaffirms that all representations and warranties contained therein are true and correct on and as of the date of this Compliance Certificate with the same effect as though made on and as of such date, except to the extent such representations and warranties expressly relate to an earlier date, after giving effect in all cases to any standard(s) of materiality contained in the Loan Agreement as to such representations and warranties. Attached are the required documents supporting the above certification. The undersigned further certifies that no Default or Event of Default exists as of the date hereof. The undersigned further certifies that any financial materials delivered with this Compliance Certificate are prepared in accordance with GAAP (except for the absence of footnotes with respect to unaudited financial statement and subject to normal year-end adjustments) and are consistent from one period to the next except as explained below.

REPORTING REQUIREMENT	REQUIRED	CHECK IF ATTACHED
Interim Financial Statements	Monthly within 30 days	
Interim Financial Statements	Quarterly within 45 days	
Audited Financial Statements	FYE within 90 days	

ACCOUNTS OF BORROWER AND ITS SUBSIDIARIES AND AFFILIATES

The undersigned hereby also confirms, on behalf of Company, that the below disclosed accounts represent all depository accounts and securities accounts presently open in the name of each Borrower or Borrower’s Subsidiary/Affiliate, as applicable.

Each new account that has been opened since delivery of the previous Compliance Certificate is designated below with a “*”.

		Depository AC #	Financial Institution	Account Type (Depository / Securities)	Last Month Ending Account Balance	Purpose of Account
BORROWER Name/Address:						
	1					
	2					
	3					
	4					

	5					
	6					
	7					
SUBSIDIARY Name/Address						
	1					
	2					
	3					
	4					
	5					
	6					
	7					

ADDITIONAL DISCLOSURES

1. INSURANCE POLICIES OF BORROWER AND ITS SUBSIDIARIES
- [The undersigned hereby also confirms that since delivery of the previous Compliance Certificate, neither Borrower nor any of its Subsidiaries has entered into or amended (other than immaterial amendments in the ordinary course of business) any insurance policy required pursuant to Section 6.1 of the Loan Agreement.]³
 - [Since delivery of the previous Compliance Certificate, Borrower and/or one or more of its Subsidiaries have entered into new, or amended existing, insurance policies required pursuant to Section 6.1 of the Loan Agreement. Attached hereto are copies of such new or amended insurance policies (other than immaterial amendments in the ordinary course of business) and updated

³ Include if neither Borrower nor any of its Subsidiaries has entered into or amended any insurance policies since delivery of the previous Compliance Certificate.

insurance certificates with respect to such policies, as required to be delivered pursuant to Section 6.2 of the Loan Agreement.]⁴

2. [INTELLECTUAL PROPERTY]

- [The following claim(s) have been made to a Loan Party that material part(s) of the Intellectual Property violates the rights of a third party: []]
- [Since delivery of the previous Compliance Certificate, Borrower has (a) obtained the following registered Patents, registered Trademarks, registered Copyrights, registered mask works, or pending application for any of the foregoing as owner, or (b) applied for the following Patents or the registration of the following Trademarks, which updates are attached hereto and update Exhibit C]

3. ORGANIZATIONAL STATUS

- [Each Loan Party's present name, former names (if any), locations, place of formation, tax identification number, organizational identification number and other information are attached hereto.]⁵

4. CAPITALIZATION AND SUBSIDIARIES

- [Attached hereto is a true, correct and complete list of each Subsidiary, substantially in the form of Schedule 5.14 to the Loan Agreement.]⁶

5. [MATERIAL AGREEMENTS: Since delivery of the previous Compliance Certificate, Borrower has (a) entered into the following Material Agreements or (b) materially amended or terminated the following Material Agreements.]

6. [GOVERNMENT APPROVALS: Since the delivery of the previous Compliance Certificate, Borrower has received the material Governmental Approval delivered with this certificate]

7. [BOARD MINUTES: Delivered with this Compliance Certificate are copies of the minutes and materials required by Section 7.1(i) of the Loan Agreement.]

Very Truly Yours,

⁴ Include if Borrower or any of its Subsidiaries has entered into or amended any insurance policies since delivery of the previous Compliance Certificate.

⁵ Attach updated Exhibit B if updates to organizational status are needed pursuant to Section 5.1 of the Loan Agreement.

⁶ Attach updated Schedule 5.14 if updates are needed.

ALECTOR, INC., on behalf of all Borrowers

By: _____

Name: _____

Its: _____

EXHIBIT F

FORM OF JOINDER AGREEMENT

This Joinder Agreement (the "Joinder Agreement") is made and dated as of [], 20[], and is entered into by and between _____, a _____ ("Subsidiary"), and HERCULES CAPITAL, INC., a Maryland corporation (as "Agent").

RECITALS

A. Subsidiary's Affiliate, ALECTOR, INC., a Delaware corporation ("Company"), its Subsidiary ALECTOR LLC, a Delaware limited liability company ("Alector Sub") (together with Company [and _____], individually or collectively, as the context may require, "Existing Borrower"), has entered into that certain Loan and Security Agreement dated November [], 2024, with the several banks and other financial institutions or entities from time to time party thereto as lender (collectively, "Lenders"), each other Borrower that is party thereto, and Agent (as may be amended, restated, amended and restated, supplemented or otherwise modified from time to time, the "Loan Agreement"), together with the other agreements executed and delivered in connection therewith; and

B. Subsidiary acknowledges and agrees that it will benefit both directly and indirectly from Existing Borrower's execution of the Loan Agreement, the extensions of credit under the Loan Agreement and the other agreements executed and delivered in connection therewith.

AGREEMENT

NOW THEREFORE, Subsidiary and Agent agree as follows:

1. The recitals set forth above are incorporated into and made part of this Joinder Agreement. Capitalized terms not defined herein shall have the meaning provided in the Loan Agreement.
 2. By signing this Joinder Agreement, Subsidiary shall be bound by the terms and conditions of the Loan Agreement the same as if it were Borrower (as defined in the Loan Agreement) under the Loan Agreement, mutatis mutandis, provided however, that (a) with respect to (i) Section 5.1 of the Loan Agreement, Subsidiary represents that it is an entity duly organized, legally existing and in good standing under the laws of [], (b) neither Agent nor Lenders shall have any duties, responsibilities or obligations to Subsidiary arising under or related to the Loan Agreement or the other Loan Documents except as otherwise expressly stated therein, (c) that if Subsidiary is covered by Existing Borrower's insurance, Subsidiary shall not be required to maintain separate insurance or comply with the provisions of Sections 6.1 and 6.2 of the Loan Agreement, and (d) that as long as Existing Borrower satisfies the requirements of Section 7.1 of the Loan Agreement, Subsidiary shall not have to provide Agent separate Financial Statements. To the extent that Agent or Lenders has any duties, responsibilities or obligations arising under or related to the Loan Agreement or the other Loan Documents, those duties, responsibilities or obligations shall flow only to Existing Borrower and not to Subsidiary or any other Person or entity. By way of example (and not an exclusive list): (i) Agent's providing notice to Existing Borrower in accordance with the Loan Agreement or as otherwise agreed among Existing Borrower, Agent and Lenders shall be deemed provided to Subsidiary; (ii) Lenders' providing an Advance to Existing Borrower shall be deemed an Advance to Subsidiary; and (iii) Subsidiary shall have no right to request an Advance or make any other demand on Lenders.
-

3. [Subsidiary agrees not to certificate its equity securities without Agent's prior written consent, which consent may be conditioned on the delivery of such equity securities to Agent in order to perfect Agent's security interest in such equity securities.]⁷
4. Subsidiary acknowledges that it benefits, both directly and indirectly, from the Loan Agreement, and hereby waives, for itself and on behalf on any and all successors in interest (including without limitation any assignee for the benefit of creditors, receiver, bankruptcy trustee or itself as debtor-in-possession under any bankruptcy proceeding) to the fullest extent provided by law, any and all claims, rights or defenses to the enforcement of this Joinder Agreement on the basis that (a) it failed to receive adequate consideration for the execution and delivery of this Joinder Agreement or (b) its obligations under this Joinder Agreement are avoidable as a fraudulent conveyance.
5. As security for the prompt, complete and indefeasible payment when due (whether on the payment dates or otherwise) of all the Secured Obligations, Subsidiary grants to Agent a security interest in all of Subsidiary's right, title, and interest in and to the Collateral.
6. This Joinder Agreement shall be governed by, and construed and enforced in accordance with, the laws of the State of California, excluding conflict of laws principles that would cause the application of laws of any other jurisdiction.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

⁷ Only include if Subsidiary's equity interests are not certificated as of the joinder date.

[SIGNATURE PAGE TO JOINDER AGREEMENT]

SUBSIDIARY:

_____.

By:

Name:

Title:

Address:

Telephone: _____

email: _____

AGENT:

HERCULES CAPITAL, INC.

By: _____

Name: _____

Title: _____

Address:

[***]

email: [***]

Telephone: [***]

EXHIBIT G

BRINGDOWN CERTIFICATE

Hercules Capital, Inc. (as “Agent”)
[***]

Reference is made to that certain Loan and Security Agreement dated November [], 2024 and the Loan Documents (as defined therein) entered into in connection with such Loan and Security Agreement all as may be amended, restated, amended and restated, modified or supplemented from time to time (hereinafter referred to collectively as the “Loan Agreement”) by and among Hercules Capital, Inc. (“Agent”), the several banks and other financial institutions or entities from time to time party thereto (collectively, “Lender”) and ALECTOR, INC., a Delaware corporation (“Company”), its Subsidiary ALECTOR LLC, a Delaware limited liability company (“Alector Sub”), and each other Person that has delivered a Joinder Agreement pursuant to Section 7.13 from time to time party to the Loan Agreement (together with Company and Alector Sub, individually or collectively, as the context may require, “Borrower”). All capitalized terms not defined herein shall have the same meaning as defined in the Loan Agreement.

The undersigned is an Officer of Company, knowledgeable of all Company financial matters, and is authorized, on behalf of Company, to provide certification of information regarding Company; hereby certifies, on behalf of Company, that in accordance with the terms and conditions of the Loan Agreement, Company is in compliance for the period ending _____ with all covenants, conditions and terms of the Loan Agreement and hereby reaffirms that all representations and warranties contained therein are true and correct on and as of the date of this Compliance Certificate with the same effect as though made on and as of such date, except to the extent such representations and warranties expressly relate to an earlier date, after giving effect in all cases to any standard(s) of materiality contained in the Loan Agreement as to such representations and warranties. Attached are the required documents supporting the above certification. The undersigned further certifies that no Default or Event of Default exists as of the date hereof.

Very Truly Yours,

ALECTOR, INC., on behalf of all Borrowers

By: _____

Name: _____

Its: _____

EXHIBIT H

ACH DEBIT AUTHORIZATION AGREEMENT

Hercules Capital, Inc.

[***]

Re: Loan and Security Agreement dated November [], 2024 (the “Agreement”) by and among ALECTOR, INC., a Delaware corporation (“Company”), its Subsidiary AELCTOR, LLC, a Delaware limited liability company (“Alector Sub”) and each other Person that has delivered a Joinder Agreement pursuant to Section 7.13 from time to time party to the Agreement (together with Company and Alector Sub, individually or collectively, as the context may require, “Borrower”), Hercules Capital, Inc., as administrative agent and collateral agent (“Agent”) and the lenders party thereto (collectively, the “Lenders”)

In connection with the above referenced Agreement, Borrower hereby authorizes Agent or Lenders to initiate debit entries for (i) the periodic payments due under the Agreement and (ii) out-of-pocket legal fees and costs incurred by Agent or Lenders pursuant to Section 11.12 of the Agreement to Borrower’s account indicated below. Borrower authorizes the depository institution named below to debit to such account.

[IF FILED PUBLICLY, ACCOUNT INFO REDACTED FOR SECURITY PURPOSES]

DEPOSITORY NAME	BRANCH
CITY	STATE AND ZIP CODE
TRANSIT/ABA NUMBER	ACCOUNT NUMBER

This authority will remain in full force and effect so long as any amounts are due under the Agreement.

(Company, on behalf of each Borrower)

By: _____

Name: _____

Date: _____

EXHIBIT I
[RESERVED]

EXHIBIT J-1

FORM OF U.S. TAX COMPLIANCE CERTIFICATE

(For Foreign Lenders That Are Not Partnerships For U.S. Federal Income Tax Purposes)

Reference is hereby made to the Loan and Security Agreement dated as of November [], 2024 (as amended, supplemented or otherwise modified from time to time, the "Loan Agreement") by and among ALECTOR, INC., a Delaware corporation ("Company"), its Subsidiary ALECTOR LLC, a Delaware limited liability company ("Alector Sub") and each other Person that has delivered a Joinder Agreement pursuant to Section 7.13 from time to time party to the Loan Agreement (together with Company and Alector Sub, individually or collectively, as the context may require, "Borrower"), the several banks and other financial institutions or entities from time to time parties to the Loan Agreement (collectively, referred to as the "Lenders"), and HERCULES CAPITAL, INC., a Maryland corporation, in its capacity as administrative agent and collateral agent for itself and Lenders (in such capacity, the "Agent").

Pursuant to the provisions of Addendum 1 of the Loan Agreement, the undersigned hereby certifies that (i) it is the sole record and beneficial owner of the Loan(s) (as well as any promissory note(s) evidencing such Loan(s)) in respect of which it is providing this certificate, (ii) it is not a "bank" within the meaning of Section 881(c)(3)(A) of the Code, (iii) it is not a "10-percent shareholder" of Borrower within the meaning of Section 871(h)(3)(B) of the Code and (iv) it is not a "controlled foreign corporation" related to Borrower as described in Section 881(c)(3)(C) of the Code.

The undersigned has furnished Agent and Borrower with a certificate of its non-U.S. Person status on IRS Form W-8BEN or IRS Form W-8BEN-E. By executing this certificate, the undersigned agrees that (1) if the information provided in this certificate changes, the undersigned shall promptly so inform Borrower and Agent, and (2) the undersigned shall have at all times furnished Borrower and Agent with a properly completed and currently effective certificate in either the calendar year in which each payment is to be made to the undersigned, or in either of the two calendar years preceding such payments.

Unless otherwise defined herein, terms defined in the Loan Agreement and used herein shall have the meanings given to them in the Loan Agreement.

Date: _____, 20____ [NAME OF LENDER]

By: _____
Name: _____
Title: _____

EXHIBIT J-2

FORM OF U.S. TAX COMPLIANCE CERTIFICATE

(For Foreign Participants That Are Not Partnerships For U.S. Federal Income Tax Purposes)

Reference is hereby made to the Loan and Security Agreement dated as of November [], 2024 (as amended, supplemented or otherwise modified from time to time, the “Loan Agreement”) by and among ALECTOR, INC., a Delaware corporation (“Company”), its Subsidiary ALECTOR LLC, a Delaware limited liability company (“Alector Sub”) and each other Person that has delivered a Joinder Agreement pursuant to Section 7.13 from time to time party to the Loan Agreement (together with Company and Alector Sub, individually or collectively, as the context may require, “Borrower”), the several banks and other financial institutions or entities from time to time parties to the Loan Agreement (collectively, referred to as the “Lenders”), and HERCULES CAPITAL, INC., a Maryland corporation, in its capacity as administrative agent and collateral agent for itself and Lenders (in such capacity, the “Agent”).

Pursuant to the provisions of Addendum 1 of the Loan Agreement, the undersigned hereby certifies that (i) it is the sole record and beneficial owner of the participation in respect of which it is providing this certificate, (ii) it is not a “bank” within the meaning of Section 881(c)(3)(A) of the Code, (iii) it is not a “10-percent shareholder” of Borrower within the meaning of Section 871(h)(3)(B) of the Code and (iv) it is not a “controlled foreign corporation” related to Borrower as described in Section 881(c)(3)(C) of the Code.

The undersigned has furnished its participating Lender with a certificate of its non-U.S. Person status on IRS Form W-8BEN or IRS Form W-8BEN-E. By executing this certificate, the undersigned agrees that (1) if the information provided in this certificate changes, the undersigned shall promptly so inform such Lender in writing, and (2) the undersigned shall have at all times furnished such Lender with a properly completed and currently effective certificate in either the calendar year in which each payment is to be made to the undersigned, or in either of the two calendar years preceding such payments.

Unless otherwise defined herein, terms defined in the Loan Agreement and used herein shall have the meanings given to them in the Loan Agreement.

Date: _____, 20____ [NAME OF PARTICIPANT]

By: _____
Name: _____
Title: _____

EXHIBIT J-3

FORM OF U.S. TAX COMPLIANCE CERTIFICATE

(For Foreign Participants That Are Partnerships For U.S. Federal Income Tax Purposes)

Reference is hereby made to the Loan and Security Agreement dated as of November [], 2024 (as amended, supplemented or otherwise modified from time to time, the "Loan Agreement") by and among ALECTOR, INC., a Delaware corporation ("Company"), its Subsidiary ALECTOR LLC, a Delaware limited liability company ("Alector Sub") and each other Person that has delivered a Joinder Agreement pursuant to Section 7.13 from time to time party to the Loan Agreement (together with Company and Alector Sub, individually or collectively, as the context may require, "Borrower"), the several banks and other financial institutions or entities from time to time parties to the Loan Agreement (collectively, referred to as the "Lenders"), and HERCULES CAPITAL, INC., a Maryland corporation, in its capacity as administrative agent and collateral agent for itself and Lenders (in such capacity, the "Agent").

Pursuant to the provisions of Addendum 1 of the Loan Agreement, the undersigned hereby certifies that (i) it is the sole record owner of the participation in respect of which it is providing this certificate, (ii) its direct or indirect partners/members are the sole beneficial owners of such participation, (iii) with respect to such participation, neither the undersigned nor any of its direct or indirect partners/members is a "bank" extending credit pursuant to a loan agreement entered into in the ordinary course of its trade or business within the meaning of Section 881(c)(3)(A) of the Code, (iv) none of its direct or indirect partners/members is a "10-percent shareholder" of Borrower within the meaning of Section 871(h)(3)(B) of the Code and (v) none of its direct or indirect partners/members is a "controlled foreign corporation" related to Borrower as described in Section 881(c)(3)(C) of the Code.

The undersigned has furnished its participating Lender with IRS Form W-8IMY accompanied by one of the following forms from each of its partners/members that is claiming the portfolio interest exemption: (i) an IRS Form W-8BEN or IRS Form W-8BEN-E or (ii) an IRS Form W-8IMY accompanied by an IRS Form W-8BEN or IRS Form W-8BEN-E from each of such partner's/member's beneficial owners that is claiming the portfolio interest exemption. By executing this certificate, the undersigned agrees that (1) if the information provided in this certificate changes, the undersigned shall promptly so inform such Lender in writing and (2) the undersigned shall have at all times furnished such Lender with a properly completed and currently effective certificate in either the calendar year in which each payment is to be made to the undersigned, or in either of the two calendar years preceding such payments.

Unless otherwise defined herein, terms defined in the Loan Agreement and used herein shall have the meanings given to them in the Loan Agreement.

Date: _____, 20____ [NAME OF PARTICIPANT]

By: _____

Name: _____

Title: _____

EXHIBIT J-4

FORM OF U.S. TAX COMPLIANCE CERTIFICATE

(For Foreign Lenders That Are Partnerships For U.S. Federal Income Tax Purposes)

Reference is hereby made to the Loan and Security Agreement dated as of November [], 2024 (as amended, supplemented or otherwise modified from time to time, the "Loan Agreement") by and among ALECTOR, INC., a Delaware corporation ("Company"), its Subsidiary ALECTOR LLC, a Delaware limited liability company ("Alector Sub") and each other Person that has delivered a Joinder Agreement pursuant to Section 7.13 from time to time party to the Loan Agreement (together with Company and Alector Sub, individually or collectively, as the context may require, "Borrower"), the several banks and other financial institutions or entities from time to time parties to the Loan Agreement (collectively, referred to as the "Lenders"), and HERCULES CAPITAL, INC., a Maryland corporation, in its capacity as administrative agent and collateral agent for itself and Lenders (in such capacity, the "Agent").

Pursuant to the provisions of Addendum 1 of the Loan Agreement, the undersigned hereby certifies that (i) it is the sole record owner of the Loan(s) (as well as any promissory note(s) evidencing such Loan(s)) in respect of which it is providing this certificate, (ii) its direct or indirect partners/members are the sole beneficial owners of such Loan(s) (as well as any promissory note(s) evidencing such Loan(s)), (iii) with respect to the extension of credit pursuant to this Loan Agreement or any other Loan Document, neither the undersigned nor any of its direct or indirect partners/members is a "bank" extending credit pursuant to a loan agreement entered into in the ordinary course of its trade or business within the meaning of Section 881(c)(3)(A) of the Code, (iv) none of its direct or indirect partners/members is a "10-percent shareholder" of Borrower within the meaning of Section 871(h)(3)(B) of the Code and (v) none of its direct or indirect partners/members is a "controlled foreign corporation" related to Borrower as described in Section 881(c)(3)(C) of the Code.

The undersigned has furnished Agent and Borrower with IRS Form W-8IMY accompanied by one of the following forms from each of its partners/members that is claiming the portfolio interest exemption: (i) an IRS Form W-8BEN or IRS Form W-8BEN-E or (ii) an IRS Form W-8IMY accompanied by an IRS Form W-8BEN or IRS Form W-8BEN-E from each of such partner's/member's beneficial owners that is claiming the portfolio interest exemption. By executing this certificate, the undersigned agrees that (1) if the information provided in this certificate changes, the undersigned shall promptly so inform Borrower and Agent in writing, and (2) the undersigned shall have at all times furnished Borrower and Agent with a properly completed and currently effective certificate in either the calendar year in which each payment is to be made to the undersigned, or in either of the two calendar years preceding such payments.

Unless otherwise defined herein, terms defined in the Loan Agreement and used herein shall have the meanings given to them in the Loan Agreement.

Date: _____, 20____ [NAME OF LENDER]

By: _____
Name: _____
Title: _____

SCHEDULE 1.1

COMMITMENTS

LENDERS	TRANCHE 1 COMMITMENT	TRANCHE 2 COMMITMENT
Hercules Capital, Inc.	\$10,500,000	\$25,000,000
HERCULES CAPITAL IV, L.P.,	\$4,000,000	\$0
HERCULES SBIC V, L.P.	\$3,000,000	\$0
HERCULES PRIVATE GLOBAL VENTURE GROWTH FUND I L.P.	\$7,500,000	\$0
TOTAL COMMITMENTS	\$25,000,000	\$25,000,000

SCHEDULE 7.25
POST CLOSING ITEMS

[**]

1. [**];
 2. [**];
 3. [**]; and
 4. [**].
-

FIRST AMENDMENT TO LOAN AND SECURITY AGREEMENT

THIS FIRST AMENDMENT TO LOAN AND SECURITY AGREEMENT (this “**Amendment**”), dated as of December 12, 2024 (the “**Amendment Effective Date**”), is entered into by and among ALECTOR, INC., a Delaware corporation (“**Company**”), its Subsidiary ALECTOR LLC, a Delaware limited liability company (“**Alector Sub**”, together with the Company and any Subsidiary that joins the Loan and Security Agreement from time to time collectively referred to as the “**Borrower**”), the several banks and other financial institutions or entities party hereto (collectively referred to as the “**Lenders**”) and HERCULES CAPITAL, INC., a Maryland corporation, in its capacity as administrative agent and collateral agent for itself and the Lenders (in such capacity, the “**Agent**”).

The Borrower, the Lenders and Agent are parties to a Loan and Security Agreement dated as of November 14, 2024 (as the same may be amended, restated, amended and restated, supplemented or otherwise modified from time to time, the “**Loan and Security Agreement**”). The Borrower has requested that Agent and Lenders agree to certain amendments to the Loan and Security Agreement. Agent and Lenders have agreed to such request, subject to the terms and conditions hereof.

Accordingly, the parties hereto agree as follows:

SECTION 1 Definitions; Interpretation.

(a) **Terms Defined in Loan and Security Agreement.** All capitalized terms used in this Amendment (including in the recitals hereof) and not otherwise defined herein shall have the meanings assigned to them in the Loan and Security Agreement.

(b) **Interpretation.** The rules of interpretation set forth in Section 1.3 of the Loan and Security Agreement shall be applicable to this Amendment and are incorporated herein by this reference.

SECTION 2 Amendments to the Loan and Security Agreement.

(a) The Loan and Security Agreement shall be amended as follows effective as of the Amendment Effective Date:

(i) The defined term “**Excluded Account**” in Section 1.1 of the Loan and Security Agreement is hereby amended and restated in its entirety to read as follows:

““**Excluded Accounts**” means any of the following Deposit Accounts which are designated as such in writing to Agent as of the Closing Date or, with respect to any Deposit Account opened after the Closing Date, in the next Compliance Certificate delivered after such Deposit Account is opened: (a) Deposit Accounts exclusively used for payroll, payroll taxes, annual bonuses, and other employee wage and benefit payments to or for the benefit of Borrower’s employees holding an aggregate amount across all such accounts of not more than amounts needed for the then-next two (2) payroll cycles (inclusive of any amounts needed for annual bonus payments to be paid within the time frame of the then-next two (2) payroll cycles), (b) any Deposit Account which is a zero-balance disbursement account, (c) any Deposit Account which is solely used for disbursements and payments of withheld income taxes, payroll taxes and/or federal, state or local employee taxes, (d) any Deposit Account which is solely used as a trust account, escrow account, or other fiduciary account, (e) any Deposit Account used exclusively to maintain cash collateral in an amount that is necessary to secure any letter of credit obligations in connection with clause (vii) of the defined term Permitted Indebtedness, (f) any Deposit Account used exclusively to maintain cash collateral in an aggregate amount not to exceed Three Hundred Thousand Dollars (\$300,000) to secure any corporate credit card obligations incurred in connection with clause (iv) of the defined term Permitted Indebtedness, and (g) any Deposit Accounts maintained with depository institutions outside the United States having an aggregate balance at any time not to exceed Five Hundred Thousand Dollars (\$500,000).

(ii) Clause (xiv) of the definition of “Permitted Liens” in Section 1.1 of the Loan and Security Agreement is hereby amended and restated in its entirety as follows:

“(xiv) (a) Liens on Cash securing obligations permitted under clause (vii) of the definition of Permitted Indebtedness, (b) security deposits in connection with real property leases, the combination of (a) and (b) in an aggregate amount not to exceed Two Million Dollars (\$2,000,000) at any time, and (c) Liens on Cash in an aggregate amount not to exceed Three Hundred Thousand Dollars (\$300,000) at any time securing corporate credit cards permitted under clause (iv) of the definition of Permitted Indebtedness;”

(b) **References Within Loan and Security Agreement.** Each reference in the Loan and Security Agreement to “this Agreement” and the words “hereof,” “herein,” “hereunder,” or words of like import, shall mean and be a reference to the Loan and Security Agreement as amended by this Amendment.

SECTION 3 Conditions of Effectiveness. The effectiveness of Section 2 of this Amendment shall be subject to the satisfaction of each of the following conditions precedent:

(a) **Amendment Documents.** Agent shall have received each of the following in form and substance reasonably satisfactory to Agent:

- (i) this Amendment, executed by Agent, the Lenders and Borrower; and
- (ii) such other documents as Agent may reasonably request

(b) **Representations and Warranties; No Default.** On the Amendment Effective Date, after giving effect to the amendment of the Loan and Security Agreement contemplated hereby:

(i) The representations and warranties contained in Section 5 of the Loan and Security Agreement shall be true and correct on and as of the Amendment Effective Date as though made on and as of such date, except to the extent such representations and warranties expressly relate to an earlier date, after giving effect in all cases to any standard(s) of materiality contained in the Agreement as to such representations and warranties; and

(ii) There exist no Events of Default or events that with the passage of time would result in an Event of Default.

SECTION 4 Representations and Warranties. To induce Agent and Lender to enter into this Amendment, Borrower hereby confirms, as of the date hereof, (a) that the representations and warranties made by it in Section 5 of the Loan and Security Agreement and the other Loan Documents are true and correct in all material respects; *provided, however*, that such materiality qualifier shall not be applicable to any representations and warranties that already are qualified or modified by materiality in the text thereof; and (b) that there has not been and there does not exist a Material Adverse Effect. For the purposes of this Section 4, (i) each reference in Section 5 of the Loan and Security Agreement to “this Agreement,” and the words “hereof,” “herein,” “hereunder,” or words of like import in such Section, shall mean and be a reference to the Loan and Security Agreement as amended by this Amendment, and (ii) any representations and warranties which relate solely to an earlier date shall not be deemed confirmed and restated as of the date hereof (*provided* that such representations and warranties shall be true, correct, and complete in all material respects as of such earlier date; *provided, however*, that such materiality qualifier shall not be applicable to any representations and warranties that already are qualified or modified by materiality in the text thereof).

SECTION 5 Miscellaneous.

(a) **Loan Documents Otherwise Not Affected; Reaffirmation.** Except as expressly amended pursuant hereto or referenced herein, the Loan and Security Agreement and the other Loan Documents shall remain unchanged and in full force and effect and are hereby ratified and confirmed in all respects. The Lenders’ and Agent’s execution and delivery of, or acceptance of, this Amendment shall not be deemed to create a course of dealing or otherwise create any express or implied duty by any of them to provide any other or further amendments, consents or waivers in

[First Amendment to Loan and Security Agreement]

the future. Borrower hereby reaffirms the grant of security interest under Section 3.1 of the Loan and Security Agreement, subject to the provisions set forth in Section 3.2 of the Loan and Security Agreement, and hereby reaffirms that such grant of security interest in the Collateral secures all Secured Obligations under the Loan and Security Agreement and the other Loan Documents.

(b) **Conditions.** For purposes of determining compliance with the conditions specified in Section 3, each Lender that has signed this Amendment shall be deemed to have consented to, approved or accepted or to be satisfied with, each document or other matter required thereunder to be consented to or approved by or acceptable or satisfactory to a Lender unless Agent shall have received notice from such Lender prior to the Amendment Effective Date specifying its objection thereto.

(c) **No Reliance.** Each Borrower hereby acknowledges and confirms to Agent and the Lender that such Borrower is executing this Amendment on the basis of its own investigation and for its own reasons without reliance upon any agreement, representation, understanding or communication by or on behalf of any other Person.

(d) **Costs and Expenses.** Each Borrower agrees to pay to Agent the reasonable and documented out-of-pocket costs and expenses of Agent and the Lenders party hereto, and the fees and disbursements of counsel to Agent and the Lenders party hereto (including allocated costs of internal counsel), in connection with the negotiation, preparation, execution and delivery of this Amendment and any other documents to be delivered in connection herewith on the Amendment Effective Date or after such date.

(e) **Binding Effect.** This Amendment binds and is for the benefit of the successors and permitted assigns of each party.

(f) **Governing Law.** This Amendment and the other Loan Documents shall be governed by, and construed and enforced in accordance with, the laws of the State of California, excluding conflict of laws principles that would cause the application of laws of any other jurisdiction.

(g) **Complete Agreement; Amendments.** This Amendment and the Loan Documents represent the entire agreement about this subject matter and supersede prior negotiations or agreements with respect to such subject matter. All prior agreements, understandings, representations, warranties, and negotiations between the parties about the subject matter of this Amendment and the Loan Documents merge into this Amendment and the Loan Documents.

(h) **Severability of Provisions.** Each provision of this Amendment is severable from every other provision in determining the enforceability of any provision.

(i) **Counterparts.** This Amendment may be executed in any number of counterparts and by different parties on separate counterparts, each of which, when executed and delivered, is an original, and all taken together, constitute one Amendment. Delivery of an executed counterpart of a signature page of this Amendment by facsimile, portable document format (.pdf) or other electronic transmission will be as effective as delivery of a manually executed counterpart hereof.

(j) **Loan Documents.** This Amendment shall constitute a Loan Document.

[Balance of Page Intentionally Left Blank; Signature Pages Follow]

[First Amendment to Loan and Security Agreement]

IN WITNESS WHEREOF, the parties hereto have duly executed this Amendment, as of the date first above written.

BORROWER:

ALECTOR, INC.

Signature: /s/ Marc Grasso
Print Name: Marc Grasso, M.D.
Title: Chief Financial Officer

ALECTOR LLC

Signature: /s/ Marc Grasso
Print Name: Marc Grasso, M.D.
Title: Chief Financial Officer

AGENT:

HERCULES CAPITAL, INC.

Signature: /s/ Zhuo Huang
Print Name: Zhuo Huang
Title: Associate General Counsel

LENDERS:

HERCULES CAPITAL, INC.

Signature: /s/ Zhuo Huang
Print Name: Zhuo Huang
Title: Associate General Counsel

[First Amendment to Loan and Security Agreement]

HERCULES CAPITAL IV, L.P., a Delaware limited partnership

By: Hercules Technology SBIC

Management, LLC, its General Partner

By: Hercules Capital, Inc., its Manager

Signature: /s/ Seth Meyer

Print Name: Seth Meyer

Title: Authorized Signatory

HERCULES SBIC V, L.P.

By: Hercules Technology SBIC Management, LLC, its General Partner

By: Hercules Capital, Inc., its Manager

Signature: /s/ Seth Meyer

Print Name: Seth Meyer

Title: Authorized Signatory

HERCULES PRIVATE GLOBAL VENTURE GROWTH FUND I L.P.

By: Hercules Technology SBIC Management,

LLC, its General Partner

By: Hercules Adviser LLC, its Investment Manager

Signature: /s/ Seth Meyer

Print Name: Seth Meyer

Title: Authorized Signatory

[First Amendment to Loan and Security Agreement]

ALECTOR, INC. INSIDER TRADING POLICY

(As amended on December 4, 2024)

A. INTRODUCTION AND POLICY OVERVIEW

Alector, Inc. (together with its subsidiaries, collectively the “**Company**”) has adopted this Insider Trading Policy (the “**Policy**”) to help you comply with the federal and state securities laws and regulations that govern trading in securities and to help the Company minimize its own legal and reputational risk.

Insider Trading Prohibited

The securities laws prohibit “insider trading.” As described below, this generally refers to trading securities (including the Company’s or other companies’ stock) “on the basis of” material nonpublic information (as defined below). Transactions will be considered to be “on the basis of” material nonpublic information if the person engaging in the transaction was aware of the material nonpublic information at the time of the transaction. It is not a defense that the person did not “use” the information for the purposes of the transaction.

Insider trading includes trading not only in the Company’s securities but also in the securities of any other company whose stock price may be impacted by material nonpublic information about the Company, including, but not limited to, the Company’s collaborators, partners, suppliers, vendors and competitors. Insider trading also includes trading in the securities of any other company on the basis of that company’s material nonpublic information that is obtained in connection with service to the Company.

Insider trading also includes “tipping,” when someone directly or indirectly discloses material nonpublic information to others who then trade based on that information or when someone makes recommendations or expresses opinions about transactions while aware of material nonpublic information. Both the person providing, and the person trading on, the information, recommendation or opinion may be liable for insider trading.

Insider trading is illegal and a violation of this Policy. Your violation of the law could expose you, the Company, members of the Company’s Board of Directors, and the Company’s officers and supervisory personnel to civil or criminal liability.

Detection and Prosecution of Insider Trading

Sophisticated surveillance techniques are used to detect and investigate insider trading. The Securities and Exchange Commission (“**SEC**”) and the United States Department of Justice (“**DOJ**”) aggressively pursue insider trading violations. In addition to cases against individuals trading on their own behalf, the SEC and DOJ have successfully brought cases involving trading through foreign accounts, trading by family members and friends, trading only a small number of shares, and tipping (even where the person disclosing the information or recommending the transaction did not benefit from the other person’s trading).

Even the appearance of insider trading can lead to government investigations or lawsuits that are time-consuming and expensive and can result in criminal and civil liability, including damages and fines, imprisonment and bars on serving as an officer or director of a public company, not to mention irreparable damage to both your and the Company’s reputation.

Trading Compliance Officers

For purposes of this Policy, the Company's General Counsel and Chief Financial Officer serve as the Trading Compliance Officers and are generally responsible for administration of this Policy. Please direct any questions to them or their designees.

Your Responsibility

It is your responsibility to understand and follow this Policy and the securities laws and regulations. You should consult with your legal and financial advisors as needed. A violation of insider trading laws can result in severe consequences.

As set forth in more detail below: when you have material nonpublic information about the Company, you may not trade in securities of the Company, disclose material nonpublic information to others who trade in securities of the Company or recommend/express opinions on transactions in securities of the Company; and when you have material nonpublic information about another company learned through your role at the Company, you may not trade in the securities of that other company or disclose that information to others who trade in securities of that company.

In addition, you must comply with this Policy as to *when* and *how* you may trade. As described in more detail below, to reduce the risks of insider trading, the Company has established requirements and restrictions involving your trading, based on your role:

- Employees at the level of Vice President or above, and other employees as may be designated by the Trading Compliance Officers from time to time, may only trade in the Company's securities in accordance with a 10b5-1 Trading Plan.
- Other employees may trade in the Company's securities (a) in accordance with a 10b5-1 Trading Plan or (b) if an employee has not established a 10b5-1 Trading Plan, at any time (i) when not in possession of material nonpublic information *and* (ii) not subject to a blackout period. An employee who has established a 10b5-1 Trading Plan cannot trade outside of that plan.
- Members of the Company's Board of Directors are encouraged to establish a 10b5-1 Trading Plan and may only trade in the Company's securities (a) in accordance with a 10b5-1 Trading Plan or (b) in accordance with the pre-clearance procedures set forth below.

B. PERSONS AND TRANSACTIONS COVERED BY THIS POLICY

Persons Covered by This Policy

This Policy applies to you if you are a director, officer, employee, consultant, contractor, or advisor of the Company. This Policy also covers your immediate family members, persons with whom you share a household, persons who are your economic dependents and any entity whose transactions in securities you influence, direct or control (including, for example, a venture fund or other investment fund, if you influence, direct or control transactions by the fund). References in this policy to "you" should also be understood to include those other individuals and entities. You are responsible for making sure that these other individuals and entities comply with this Policy.

This Policy continues to apply even if you leave the Company or are otherwise no longer affiliated with or providing services to the Company, for as long as you continue to possess material nonpublic information. In addition, if you are subject to a trading blackout under this Policy at the time you leave the

Company, you must abide by the applicable trading restrictions until at least the end of the relevant blackout period.

Types of Transactions Covered by This Policy

Except as discussed below, this Policy applies to all transactions involving the securities of the Company or any other company (i) for which you possess material nonpublic information obtained in connection with your service with the Company or (ii) whose stock price may be impacted by material nonpublic information about the Company. This Policy therefore applies to:

1. any purchase, sale, loan or other transfer or disposition of any equity securities (including common stock, options, restricted stock units, warrants and preferred stock) and debt securities (including debentures, bonds and notes) of the Company and such other companies, whether direct or indirect (including transactions made on your behalf by money managers such as open, standing, or limit orders other than those pursuant to a 10b5-1 Trading Plan established in accordance with this Policy), and any offer to engage in the foregoing transactions;
2. any disposition in the form of a gift of any securities of the Company;
3. any distribution to holders of interests in an entity if the entity is subject to this Policy; and
4. any other permitted arrangement that generates gains or losses from or based on changes in the prices of such securities and any offer to engage in such transactions.

As described in more detail below, you may not engage in transactions involving trading in derivative securities (for example, exchange-traded put or call options, swaps, caps and collars, hedging and pledging transactions, short sales and certain arrangements regarding participation in benefit plans, and any offer to engage in the foregoing transactions with respect to the Company's securities.

There are no exceptions from insider trading laws or this Policy based on the size of the transaction or the amount or type of value you obtain in the transaction.

C. MATERIAL NONPUBLIC INFORMATION; TRADING RESTRICTIONS

Material Nonpublic Information

Material information

It is not possible to define all categories of "material information." That said, information should be regarded as material if there is a reasonable likelihood that an investor (a) would consider the information to be important in making a decision to buy, sell or hold the Company's securities or (b) would view the information as significantly altering the total mix of information in the marketplace about the Company. In general, any information that could reasonably be expected to affect the price of the Company's securities is likely to be material. Either positive or negative information may be material.

While it may be difficult under this standard to determine whether particular information is material, there are various categories of information that are particularly sensitive and, as a general rule, should always be considered material. Examples of such information may include:

- Financial results
- Projections of future earnings or losses
- Significant clinical or regulatory developments

- Significant developments in research and development or relating to intellectual property
- Gain or loss of a substantial customer, supplier, vendor or partner
- New product announcements of a significant nature
- Significant product defects or modifications
- Significant changes in business plans, budgets or relationships
- Major personnel changes, such as changes in senior management
- Changes in independent auditors or notification that the Company may no longer rely on an audit report
- New equity or debt offerings, stock splits and other major events involving the Company's securities
- Significant corporate events, such as a pending or proposed merger, joint venture or tender offer, a significant investment, the acquisition or disposition of a significant business or asset or a change in control of the Company
- Creation of significant financial obligations
- Updates regarding any prior material disclosure that has materially changed
- The existence of a special blackout period
- Data breaches or other cybersecurity events
- Significant pricing changes
- Significant litigation exposure due to actual or threatened litigation
- News of the disposition of a subsidiary
- Impending bankruptcy or financial liquidity problems
- Changes in dividend policy

Material nonpublic information

“Material nonpublic information” means material information that is not generally known or made available to the public. Even if information is widely known throughout the Company, it may still be nonpublic. Generally, in order for information to be considered public, it must be made generally available through media outlets or SEC filings. After the release of information, a reasonable period of time must elapse in order to provide the public an opportunity to absorb and evaluate the information provided. As a general rule, at least two full trading days must pass after the dissemination of information before such information is considered public.

As a rule of thumb, if you think something might be material nonpublic information, it probably is. You can always reach out to the Trading Compliance Officers if you have questions as to what constitutes material nonpublic information.

No Trading on Material Nonpublic Information

You may not, directly or through others, engage in any transaction involving the Company's securities while you are aware of material nonpublic information relating to the Company. It is not an excuse that you did not “use” the information in your transaction. If you are in possession of material nonpublic information about the Company, you may not:

- a. use it to transact in securities of the Company or other companies whose stock price may be impacted by material nonpublic information about the Company;
- b. disclose it to other employees, consultants, contractors, advisors, officers or directors whose roles do not require them to have the information;

- c. disclose it to anyone outside of the Company, including family, friends, business associates (including entities under contracts with the Company), investors or consulting firms, without prior written authorization from the General Counsel; or
- d. use it to express an opinion or make a recommendation about trading in the Company's securities.

In addition, material nonpublic information about another company that you learn through your service with the Company is subject to these same restrictions around disclosure and trading, and you cannot use that information to trade securities. Any such action will be deemed a violation of this Policy.

No Disclosure of Confidential Information

You may not at any time disclose material nonpublic information about the Company or about another company that you obtained in connection with your service with the Company to friends, family members or any other person or entity that the Company has not authorized to know such information. You must continue to comply with all agreements you have with the Company, e.g., for employees, the At Will Employment, Confidential Information, Invention Assignment, and Arbitration Agreement, and for others, the agreement(s) governing your relationship with the Company. In addition, you must handle the confidential information of others in accordance with any agreements and other obligations that the Company has with them, including any obligations of confidentiality and non-use under a confidentiality, master services or other agreement.

If you receive an inquiry for information from someone outside of the Company, such as a stock analyst, or a request for sensitive information outside the ordinary course of business from someone outside of the Company, such as a business partner, vendor, supplier or salesperson, then you should refer the inquiry to the Trading Compliance Officers. Responding to a request yourself may violate this Policy and, in some circumstances, the law. Please consult the Company's External Communications Policy for more details.

D. TRADING: WHEN AND HOW TRADING IS PERMITTED AND RESTRICTED

In addition to the above prohibitions on insider trading, you are also subject to trading restrictions that the Company has implemented to reduce the risk of insider trading. As described below, these restrictions affect *when* and *how* you may trade and depend on your role at the Company.

10b5-1 Trading Plans

A 10b5-1 Trading Plan is a written plan for engaging in transactions in the Company's securities that (a) is made by an individual when not in possession of material nonpublic information and (b) meets all of the requirements established by the SEC. Transactions made pursuant to a properly established 10b5-1 Trading Plan are not subject to the prohibitions on trading while aware of material nonpublic information or during blackout periods or the pre-clearance procedures under this Policy.

VPs or Above and Other Employees Designated by Trading Compliance Officers: Employees at the level of Vice President or above may only trade in the Company's securities in accordance with a 10b5-1 Trading Plan. Additionally, the Trading Compliance Officers may designate other employees from time to time who may only trade in the Company's securities in accordance with a 10b5-1 Trading Plan. For avoidance of doubt, these individuals may not trade in the Company's securities outside of a 10b5-1 Trading Plan, even when not subject to a blackout period.

Other Employees: Employees at levels below Vice President may trade in the Company's securities

in accordance with a 10b5-1 Trading Plan. If an employee has not established a 10b5-1 Trading Plan, then he or she may trade in the Company's securities (i) when not in possession of material nonpublic information, *and* (ii) not subject to a blackout period. If an employee has established a 10b5-1 Trading Plan, he or she may not trade in the Company's securities outside of such 10b5-1 Trading Plan.

Board of Directors: Members of the Company's Board of Directors are encouraged to establish and only trade in the Company's securities in accordance with 10b5-1 Trading Plans. Members of the Board of Directors may also trade in the Company's securities if they obtain pre-clearance in accordance with the procedures set forth below.

10b5-1 Trading Plans may only be established or modified outside of a blackout period and when the individual is not in possession of material nonpublic information. All proposed 10b5-1 Trading Plans must be approved by the Trading Compliance Officers or their designees, as appropriate, and must comply with the requirements set forth in the Requirements for 10b5-1 Trading Plans, attached as Exhibit A. If one of the Trading Compliance Officers is the requester, then either (a) the other Trading Compliance Officer or (b) Company's Chief Executive Officer or their delegate (other than the requesting Trading Compliance Officer) must approve the 10b5-1 Trading Plan.

The SEC requirements for 10b5-1 Trading Plans are complex and must be strictly complied with. If you have any questions, please consult with your personal legal or financial advisor. If you have established a 10b5-1 Trading Plan, you should inform any broker that you have an account with that you may not trade in the Company's securities outside of such 10b5-1 Trading Plan.

Blackout Periods

Individuals who are not required to have 10b5-1 Trading Plans and who choose not to adopt a 10b5-1 Trading Plan may only trade when (a) they do not possess material nonpublic information and (b) they are not subject to a blackout period. To the extent applicable to you, blackout periods also cover your immediate family members, persons with whom you share a household, persons who are your economic dependents and any entity whose transactions in securities you influence, direct or control.

The prohibition against trading during the blackout period also means that brokers cannot fulfill open orders on your behalf or on behalf of your immediate family members, persons with whom you share a household, persons who are your economic dependents or any entity whose transactions in securities you influence, direct or control, during the blackout period, including "limit orders" to buy or sell stock at a specific price or better and "stop orders" to buy or sell stock once the price of the stock reaches a specified price. As a result, open orders should be cancelled prior to entering a blackout window. Failure to cancel before a blackout window may result in the execution of a trade at a time when you are aware of material nonpublic information or are otherwise not permitted to trade in the Company's securities and therefore may also result in inadvertent insider trading violations. If you are subject to blackout periods, at the time you place an open order, you should inform the broker that you are subject to blackout periods to address this issue.

Note that even when a blackout period is not in effect, you may be prohibited from engaging in transactions involving the Company's securities because you possess material nonpublic information.

Quarterly Blackout Periods

Quarterly blackout periods will start at the end of the fifth to last trading day of each fiscal quarter and will end at the start of the second full trading day following the Company's earnings release.

Special Blackout Periods.

Either of the Trading Compliance Officers may decide to impose additional or longer trading blackout periods at any time on any or all of its directors, officers, employees, consultants, contractors and advisors. You will be notified by the General Counsel or his or her designee if you are subject to a special blackout period in writing or via email. If you are notified that you are subject to a special blackout period, you may not engage in any transaction involving Company's securities until the special blackout period has ended other than the transactions that are covered by the exceptions below. You also may not disclose to anyone else that the Company has imposed a special blackout period other than as permitted under Section D (*Trading: When and How Trading is Permitted and Restricted – Blackout Periods*) (e.g. any broker with whom you have an account).

Regulation BTR Blackouts.

Directors and officers may also be subject to trading blackouts pursuant to Regulation Blackout Trading Restriction (“**Regulation BTR**”) under U.S. federal securities laws. In general, Regulation BTR prohibits any director or officer from engaging in certain transactions involving the Company's securities during periods when 401(k) plan participants are prevented from purchasing, selling or otherwise acquiring or transferring an interest in certain securities held in individual account plans. Any profits realized from a transaction that violates Regulation BTR are recoverable by the Company, regardless of the intentions of the director or officer effecting the transaction. In addition, individuals who engage in such transactions are subject to sanction by the SEC as well as potential criminal liability. The Company will notify directors and officers if they are subject to a blackout trading restriction under Regulation BTR. Failure to comply with an applicable trading blackout in accordance with Regulation BTR is a violation of the law and this Policy.

Pre-clearance of Trades

The Company encourages members of its Board of Directors to establish 10b5-1 Trading Plans. Members of the Company's Board of Directors who do not have a 10b5-1 Trading Plan in place must obtain pre-clearance prior to trading the Company's securities.

If you are subject to pre-clearance requirements, you must complete and sign a Pre-Clearance Request Form, in substantially the form attached as Exhibit B, and submit the form to the Trading Compliance Officers prior to your desired trade date. The person requesting pre-clearance will be required to certify that he or she is not in possession of material nonpublic information about the Company and provide other information requested by the Trading Compliance Officers. The Trading Compliance Officers are under no obligation to approve a transaction submitted for pre-clearance and may decide not to permit the transaction.

All trades must be executed within five business days of any pre-clearance.

Even after pre-clearance, a person may not trade in the Company's securities if they become aware of material nonpublic information prior to the trade being executed.

From time to time, the Company may identify other persons who should be subject to the pre-clearance requirements set forth above, and the Trading Compliance Officers may update and revise the requirements as appropriate.

Employee Stock Purchase Plans (ESPP)

Employees eligible to participate in an ESPP established by the Company may elect, or modify an

election, to participate in the ESPP, in accordance with such plan, only (i) when not in possession of material nonpublic information, *and* (ii) not subject to a blackout period. Employees in possession of material nonpublic information may (i) allow a prior ESPP election to passively “roll over” into the next enrollment period or (ii) terminate participation in the ESPP.

E. PROHIBITED TRANSACTIONS

You may not engage in any of the following types of transactions, other than as noted below in Section F (*Limited Exceptions to Trading Restrictions*), regardless of whether you have material nonpublic information or not.

1. Short Sales. You may not engage in short sales (meaning the sale of a security that must be borrowed to make delivery) or “sell short against the box” (meaning the sale of a security with a delayed delivery) if such sales involve the Company’s securities.
2. Derivative Securities and Hedging Transactions. You may not, directly or indirectly, (a) trade in publicly-traded options, such as puts and calls, and other derivative securities with respect to the Company’s securities (other than stock options, restricted stock units and other compensatory awards issued to you by the Company) or (b) purchase financial instruments (including prepaid variable forward contracts, equity swaps, collars and exchange funds), or otherwise engage in transactions, that hedge or offset, or are designed to hedge or offset, any decrease in the market value of Company equity securities either (i) granted to you by the Company as part of your compensation or (ii) held, directly or indirectly, by you.
3. Pledging Transactions. You may not pledge the Company’s securities as collateral for any loan or as part of any other pledging transaction.
4. Margin Accounts. You may not hold the Company’s common stock in margin accounts (e.g. as collateral for a margin loan that may be sold by a broker without your consent if a margin call is not met).

F. LIMITED EXCEPTIONS TO TRADING RESTRICTIONS

There are no unconditional “safe harbors” for trades made at particular times, and all persons subject to this Policy should exercise good judgment at all times. Even when a quarterly blackout period is not in effect, you may be prohibited from engaging in transactions involving the Company’s securities because you possess material nonpublic information, are subject to a special blackout period or are otherwise restricted under this Policy.

The following are certain limited exceptions to the quarterly and special blackout period restrictions and pre-clearance requirements imposed by the Company under this Policy:

1. stock option exercises where the exercise price is paid in cash and there is no other associated market activity (e.g., no sale of the stock after exercise; “exercise and hold”);
2. purchases pursuant to the employee stock purchase plan; however, this exception does not apply to subsequent sales of the shares or to the election to participate in the employee stock purchase plan for any enrollment period;
3. receipt and vesting of stock options, restricted stock units, restricted stock or other equity compensation awards from the Company, provided that this exception does not apply to subsequent sales of the shares;

4.net share withholding with respect to equity awards where shares are withheld by the Company in order to satisfy tax withholding requirements, (x) as required by either the Company's Board of Directors (or a committee thereof) or the award agreement governing such equity award or (y) as you elect, if permitted by the Company, so long as the election is irrevocable and made in writing at a time when a trading blackout is not in place and you are not in possession of material nonpublic information;

5.sell to cover transactions where shares are sold on your behalf upon vesting of equity awards and sold in order to satisfy tax withholding requirements, (x) as required by either the Company's Board of Directors (or a committee thereof) or the award agreement governing such equity award or (y) as you elect, if permitted by the Company, so long as the election is irrevocable and made in writing at a time when a trading blackout is not in place and you are not in possession of material nonpublic information; however, this exception does not apply to any other market sale for the purposes of paying required withholding;

6.transactions made pursuant to a valid 10b5-1 trading plan approved by the Company (see Section D (*Trading: When and How Trading is Permitted and Restricted 10b5-1 Trading Plans*) above);

7.transfers by will or the laws of descent or distribution and, provided that prior written notice is provided to the Trading Compliance Officers, distributions or transfers (such as certain tax planning or estate planning transfers) that effect only a change in the form of beneficial interest without changing your pecuniary interest in the Company's securities; and

8.changes in the number of the Company's securities you hold due to a stock split or a stock dividend that applies equally to all securities of a class, or similar transactions.

If there is a Regulation BTR blackout (and no quarterly or special blackout period), then the limited exceptions set forth in Regulation BTR will apply. Please be aware that even if a transaction is subject to an exception to this Policy, you will need to separately assess whether the transaction complies with applicable law. Any other Policy exceptions must be approved by the Trading Compliance Officers, in consultation with the Company's Board of Directors or an independent committee of the Board of Directors.

G. SECTION 16 COMPLIANCE

All of the Company's executive officers and directors and certain other individuals are required to comply with Section 16 of the Securities and Exchange Act of 1934 and related rules and regulations. To ensure timely reporting of transactions subject to Section 16, each person subject to these requirements must provide or must ensure that his or her broker provides the Company with detailed information (for example, trade date, number of shares, exact price, *etc.*) about his or her transactions involving the Company's securities, including gifts, transfers, pledges and transactions pursuant to a 10b5-1 Trading Plan, by no later than the end of the business day in which the transaction takes place.

The Company is available to assist in filing Section 16 reports, but the obligation to comply with Section 16 is personal. If you have any questions, you should check with the Trading Compliance Officers.

H. VIOLATIONS OF THIS POLICY

Company directors, officers, employees, consultants, contractors and advisors who violate this Policy will be subject to disciplinary action by the Company, including ineligibility for future Company equity or incentive programs or termination of employment or an ongoing relationship with the Company. The Company has full discretion to determine whether this Policy has been violated based on the

information available.

There are also serious legal consequences for individuals who violate insider trading laws, including large criminal and civil fines, significant imprisonment terms and disgorgement of any profits gained or losses avoided. You may also be liable for improper securities trading by any person to whom you have disclosed material nonpublic information that you have learned through your position at the Company or made recommendations or expressed opinions about securities trading on the basis of such information.

Please consult with your personal legal and financial advisors as needed. Note that the Company's legal counsel, both internal and external, represent the Company and not you personally.

There may be instances where you suffer financial harm or other hardship or are otherwise required to forego a planned transaction because of the restrictions imposed by this Policy or under securities laws. If you were aware of the material nonpublic information at the time of the trade, it is not a defense that you did not "use" the information for the trade. Personal financial emergency or other personal circumstances are not mitigating factors under securities laws and will not excuse your failure to comply with this Policy.

In addition, a blackout period will not extend the term of your options. As a consequence, you may be prevented from exercising your options by this Policy or as a result of a blackout or other restriction on your trading, and as a result your options may expire by their term. It is your responsibility to manage your economic interests and to consider potential trading restrictions when determining whether to exercise your options. In such instances, the Company cannot extend the term of your options and has no obligation or liability to replace the economic value or lost benefit to you.

I. PROTECTED ACTIVITY NOT PROHIBITED

Nothing in this Policy, or any related guidelines or other documents or information provided in connection with this Policy, shall in any way limit or prohibit you from engaging in any of the protected activities set forth in the Company's Policy on Reporting and Addressing Complaints, as amended from time to time.

J. REPORTING

If you believe someone is violating this Policy or otherwise using material nonpublic information that they learned through their position at the Company to trade securities, you should report it to the Trading Compliance Officers, or if a Trading Compliance Officer is implicated in your report, then you should report it in accordance with the Company's Policy on Reporting and Addressing Complaints.

K. AMENDMENTS

The Company reserves the right to amend this Policy at any time, for any reason, subject to applicable laws, rules and regulations, and with or without notice, although it will attempt to provide notice in advance of any change. Unless otherwise permitted by this Policy, any amendments must be approved by the Board of Directors of the Company.

EXHIBIT A

REQUIREMENTS FOR 10B5-1 TRADING PLANS

For transactions under a trading plan to be exempt from (A) the prohibitions in the Company's Insider Trading Policy (the "**Policy**") of Alector, Inc. (together with its subsidiaries, collectively the "**Company**") with respect to transactions made while aware of material nonpublic information and (B) the pre-clearance procedures and blackout periods established under the Policy, the trading plan must comply with the affirmative defense set forth in Exchange Act Rule 10b5-1 and must meet the following requirements (collectively, the "**Trading Plan Requirements**"):

1. The trading plan must be in writing and signed by the person adopting the trading plan.
2. The trading plan must be adopted at a time when:
 - a. the person adopting the trading plan is not aware of any material nonpublic information; and
 - b. there is no quarterly, special or other trading blackout in effect with respect to the person adopting the plan.
3. The trading plan must be entered in good faith and not as part of a plan or scheme to evade the prohibitions of Rule 10b5-1, and the person adopting the trading plan must act in good faith with respect to the trading plan.
4. The trading plan must include representations that, on the date of adoption of the trading plan, the person adopting the trading plan:
 - is not aware of material nonpublic information about the securities or the Company; and
 - is adopting the trading plan in good faith and not as part of a plan or scheme to evade the prohibitions of Rule 10b5-1.
5. The person adopting the trading plan may not have entered into or altered a corresponding or hedging transaction or position with respect to the securities subject to the trading plan and must agree not to enter into any such transaction while the trading plan is in effect.
6. The first trade under the trading plan for directors and officers (as defined in Rule 16a-1(f) of the Securities Exchange Act of 1934) may not occur until the expiration of a cooling-off period consisting of the later of (a) 90 calendar days after the adoption of the trading plan and (b) two business days after the filing by the Company of its financial results in a Form 10-Q or Form 10-K for the completed fiscal quarter in which the trading plan was adopted (but, in any event, this required cooling-off period is subject to a maximum of 120 days after adoption of the trading plan). The first trade under the trading plan for all other persons (other than the Company) may not occur until the expiration of a cooling-off period that is 30 calendar days after adoption of the trading plan.
7. The trading plan must have a minimum term of one year (starting from the date of adoption of the trading plan).
8. All transactions during the term of the trading plan (except for the "Exceptions to Trading Restrictions" identified in the Policy and *bona fide* gifts) must be conducted through the trading plan. In addition, the person adopting the trading plan may not have an outstanding (and may not subsequently enter

into any additional) trading plan, except that a trading plan may be adopted if it will not take effect until the outstanding trading plan has expired (i.e., the adopted trading plan and outstanding trading plan overlap solely to the extent of the adopted trading plan's cooling off period).

9. Any modification or change to the amount, price or timing of transactions under the trading plan is deemed the termination of the trading plan, and the adoption of a new trading plan ("**Modification**"). Therefore, a Modification is subject to the same conditions as a new trading plan as set forth in Sections 1 through 8 herein.

10. Within the six months preceding the adoption or a Modification of a trading plan, a person may not have otherwise adopted or done a Modification to a plan more than once.

11. A person may adopt a trading plan designed to cover a single trade only once in any consecutive 12-month period except as permitted by Rule 10b5-1.

12. If the person that adopted the trading plan terminates the plan prior to its stated duration, he or she may not trade in the Company's securities until after the expiration of 30 calendar days following termination, and then only in accordance with the Policy.

13. The Company must be promptly notified of any Modification or termination of the trading plan, including any suspension of trading under the trading plan.

14. The Company must have authority to require the suspension or cancellation of the trading plan at any time.

15. If the trading plan grants discretion to a stockbroker or other person with respect to the execution of trades under the trading plan:

- a. trades made under the trading plan must be executed by someone other than the stockbroker or other person that executes trades in other securities for the person adopting the trading plan;
- b. the person adopting the trading plan may not confer with the person administering the trading plan regarding the Company or its securities; and
- c. the person administering the trading plan must provide prompt notice to the Company of the execution of a transaction pursuant to the plan.

16. All transactions under the trading plan must be in accordance with applicable law.

17. The trading plan (including any Modification) must meet such other requirements as the Trading Compliance Officers may determine.

18. Any trading plans adopted or modified prior to February 27, 2023 are permitted to continue in place until all trades are executed thereunder or they expire by their terms ("**Prior Plans**"). If the person undertakes a Modification of a Prior Plan, then the Modification must meet all of the above requirements.

19. Any exceptions to the Trading Plan Requirements must be approved by the Trading Compliance Officers or, in the case of directors and officers who are subject Section 16 of the Securities Exchange Act of 1934, by the Trading Compliance Officers, in consultation with the Company's Board of Directors or an independent committee of the Board of Directors.

EXHIBIT B
PRE-CLEARANCE REQUEST FORM

TO: Trading Compliance Officer (Chief Financial Officer or General Counsel)

FROM: _____
(Name)

SUBJECT: Pre-Clearance Request; Insider Trading Policy

DATE: _____

I am interested in: **(Please give 48 hours' notice of your intended purchase and/or sale)**

- Exercising options to purchase ____shares of Alector, Inc. common stock on ____ (you may provide a five-business day date range).

Check one

Same-day sale
Sell to cover

NOTE: PRE-CLEARANCE IS NOT REQUIRED FOR CASH STOCK OPTION EXERCISES (i.e., EXERCISE AND HOLD)

- Purchasing ____shares of Alector, Inc. common stock on the open market (not through exercising options or through the Employee Stock Purchase Plan (ESPP)) on ____ (you may provide a five-business day date range).
- Selling ____shares of Alector, Inc. common stock on ____ (you may provide a five-business day date range).

Check one

Exercised Stock Options
Employee Stock Purchase Plan (ESPP)
Open Market / Vested RSU

In making this request, I hereby certify that I am not in possession of any material, nonpublic information regarding Alector, Inc. and I hereby certify that I do not have a 10b5-1 Trading Plan currently in effect, nor have I terminated a 10b5-1 Trading Plan within 30 days prior to making this request. I understand that, in accordance with Alector, Inc.'s Insider Trading Policy, I may not buy or sell Alector, Inc.'s common stock or exercise Alector, Inc. stock options until I have obtained your written approval of this request. I also acknowledge that it is first and foremost my responsibility to determine that I am not trading on inside information and that I am in compliance with Alector, Inc.'s Insider Trading Policy. Pre-clearance of a trade is not a defense to a claim of insider trading and does not excuse you from otherwise complying with insider trading laws or the terms of Alector, Inc.'s Insider Trading Policy.

Signed: __

Request approved by: ____

Name (Compliance Officer): _

Date: ____

Subsidiaries of Alector, Inc.

Alector LLC, a Delaware limited liability company

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in the following Registration Statements:

- (1) Registration Statement (Forms S-3 No. 333-238230 and No. 333-270126) of Alector, Inc.,
- (2) Registration Statement (Forms S-8 No. 333-229548, No. 333-237369, No. 333-253524, No. 333-262990, No. 333-270111 and No. 333-277407) pertaining to the 2019 Equity Incentive Plan and 2019 Employee Stock Purchase Plan of Alector, Inc., and
- (3) Registration Statement (Forms S-8 No. 333-261968 and No. 333-267597) pertaining to the 2022 Inducement Equity Incentive Plan of Alector, Inc.;

of our reports dated February 26, 2025, with respect to the consolidated financial statements of Alector, Inc. and the effectiveness of internal control over financial reporting of Alector, Inc. included in this Annual Report (Form 10-K) of Alector, Inc. for the year ended December 31, 2024.

/s/ Ernst & Young LLP
San Mateo, California
February 26, 2025

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

I, Arnon Rosenthal, certify that:

1. I have reviewed this Annual Report on Form 10-K of Alector, Inc;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize, and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 26, 2025

/s/ Arnon Rosenthal

Arnon Rosenthal, Ph.D.
Chief Executive Officer
(Principal Executive Officer)

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

I, Marc Grasso, certify that:

1. I have reviewed this Annual Report on Form 10-K of Alector, Inc;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize, and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 26, 2025

/s/ Marc Grasso

Marc Grasso, M.D.
Chief Financial Officer
(Principal Financial and Accounting Officer)

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

In connection with the Annual Report on Form 10-K of Alector, Inc. (the “Company”) for the period ended December 31, 2024, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), the undersigned officer of the Company certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

Date: February 26, 2025

/s/ Arnon Rosenthal

Arnon Rosenthal, Ph.D.
Chief Executive Officer
(Principal Executive Officer)

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

In connection with the Annual Report on Form 10-K of Alector, Inc. (the “Company”) for the period ended December 31, 2024, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), the undersigned officer of the Company certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

Date: February 26, 2025

/s/ Marc Grasso

Marc Grasso, M.D.
Chief Financial Officer
(Principal Financial and Accounting Officer)

