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, 2021

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 001-39527

PRELUDE THERAPEUTICS INCORPORATED

(Exact name of Registrant as specified in its Charter)

Delaware	**81-1384762**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**
200 Powder Mill Road	
Wilmington, Delaware	**19803**
(Address of principal executive offices)	**(Zip Code)**

Registrant's telephone number, including area code: (302) 467-1280

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, par value $0.0001 per share	PRLD	The Nasdaq Stock Market LLC

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

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

Indicate by check mark if the Registrant is not required to file reports pursuant to Section 13 or 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. ☐

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 voting and non-voting common equity held by non-affiliates of the registrant was approximately $343.3 million as of the last business day of the registrant's most recently completed second fiscal quarter, based upon the closing sale price on The Nasdaq Stock Market LLC reported for such date. This excludes an aggregate of 35,047,353 shares of the registrant's common stock held as of such date by officers, directors and stockholders that the registrant has concluded are or were affiliates of the registrant. Exclusion of such shares should not be construed to indicate that the holder of any such shares possesses the power, direct or indirect, to direct or cause the direction of the management or policies of the registrant or that such person is controlled by or under common control with the registrant.

The number of shares of Registrant's Common Stock outstanding as of March 11, 2022 was 47,631,741.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Registrant's Definitive Proxy Statement ("Proxy Statement") relating to the 2022 Annual Meeting of Stockholders will be filed with the Commission within 120 days after the end of the Registrant's 2021 fiscal year pursuant to Regulation 14A and is incorporated by reference into Part III of this Report. Except with respect to information specifically incorporated by reference in this Form 10-K, the Proxy Statement is not deemed to be filed as part of this Form 10-K.

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PART I

This Annual Report on Form 10-K contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Forward-looking statements are based on our management's beliefs and assumptions and on information currently available to our management. All statements other than statements of historical facts are "forward-looking statements" for purposes of these provisions, including those relating to future events or our future financial performance. In some cases, you can identify forward-looking statements by terminology such as "may," "might," "will," "should," "expect," "plan," "anticipate," "project," "believe," "estimate," "predict," "potential," "intend" or "continue," the negative of terms like these or other comparable terminology, and other words or terms of similar meaning. You should not rely upon forward-looking statements as predictions of future events. Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee that the future results, levels of activity, performance or events and circumstances reflected in the forward-looking statements will be achieved or occur. All forward-looking statements included in this Annual Report on Form 10-K are based on information available to us on the date hereof, and we assume no obligation to update any such forward-looking statements. Our forward-looking statements can be affected by inaccurate assumptions we might make or by known or unknown risks, uncertainties and other factors. We discuss many of these risks, uncertainties and other factors in this Annual Report on Form 10-K in greater detail under the heading "Item 1A—Risk Factors." It is not possible for our management to predict all risks, nor can we assess the impact of all factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements we may make. In light of these risks, uncertainties and assumptions, the forward-looking events and circumstances discussed in this Annual Report on 10-K may not occur and actual results could differ materially and adversely from those anticipated or implied in the forward-looking statements.

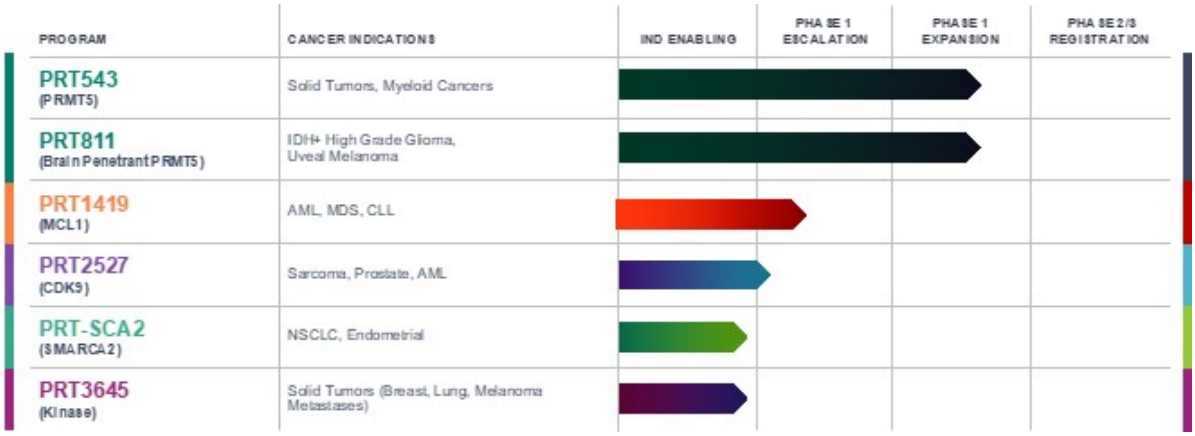
Item 1. Business.

Overview

We are a clinical-stage fully integrated oncology company built on a foundation of drug discovery excellence to deliver novel precision cancer medicines to underserved patients. By leveraging our core competencies in cancer biology and medicinal chemistry, combined with our target class- and technology platform-agnostic approach, we have built an efficient, fully-integrated drug discovery engine to identify compelling biological targets and create new chemical entities, or NCEs, that we rapidly advance into clinical trials. We believe our approach could result in better targeted cancer therapies. Our discovery excellence has been validated by our rapid progress in creating a wholly-owned, internally developed pipeline. Since our inception in 2016, we have received clearance from the U.S. Food and Drug Administration, or the FDA, for six investigational new drug applications, or INDs, and successfully advanced these programs into clinical trials. In addition, we have two unique programs in various stages of preclinical development that we plan to advance into clinical development in 2022.

By focusing on developing agents using broad mechanisms that have multiple links to oncogenic driver pathways in select patients, we have developed a diverse pipeline consisting of six distinct programs spanning methyltransferases, kinases, protein-protein interactions and targeted protein degraders. Our pipeline is geared towards serving patients with high unmet medical need where there are limited or no treatment options. We believe we can best address these diseases by developing therapies that target primary and secondary resistance mechanisms.

The following table summarizes our product candidate pipeline:



Our most advanced candidates are designed to be oral, potent and selective inhibitors of protein arginine methyltransferase 5, or PRMT5. The potency and selectivity of our product candidates is supported by preclinical data demonstrating nanomolar inhibition of PRMT5 and no inhibition of related enzymes at 1,000 times higher concentration of our product candidates. PRT543, our first clinical candidate, is currently in a Phase 1 clinical trial in advanced solid tumors and select myeloid malignancies. As of an August 6, 2021 data cutoff date, the dose escalation portion of the ongoing Phase 1 trial of PRT543 enrolled a total of 49 patients across 18 unselected advanced solid tumors and lymphoma. Patients enrolled in the trial received an average of three prior lines of therapy. PRT543 demonstrated target engagement and inhibition of PRMT5 functional activity as evidenced by a 69% reduction in serum symmetric dimethylarginine, or sDMA, at a dose of 45 mg/5x per week. In addition, PRT543 demonstrated signs of preliminary clinical activity, including a durable complete response, or CR, maintained for over 18 months in a patient with HRD+ ovarian cancer who remains on treatment, and prolonged stable disease, or SD, persisting for over six months in five patients, including four patients with ACC and one patient with uveal melanoma. A complete response is defined as the disappearance of all target lesions. PRT543 was generally well tolerated: the most common grade 3 or higher treatment-related adverse events, or AEs, occurring in at least 5% of patients were thrombocytopenia (27%) and anemia (12%), both of which were reversible upon treatment interruption. Patients were largely able to remain on therapy with few AE-related dose interruptions (27%), reductions (22%), or discontinuations (4%).

Patient enrollment is continuing in specific biomarker-selected solid tumor and hematologic malignancy expansion cohorts. We anticipate presenting data from those expansion cohorts in the second half of 2022.

PRT811, our second clinical candidate, is a PRMT5 inhibitor that we have optimized for high brain exposure. PRT811 is being studied in a Phase 1 clinical trial in unselected patients with solid tumors, including high-grade glioma. As of an August 13, 2021 data cutoff date, the dose escalation portion of the ongoing Phase 1 trial of PRT811 enrolled a total of 45 patients, including 27 patients across 16 unselected advanced solid tumors and 18 patients with high-grade gliomas, including 17 patients with glioblastoma multiforme. PRT811 demonstrated dose dependent inhibition of PRMT5 activity as evidenced by an 83% reduction in serum sDMA at a dose of 600 mg daily (QD). In addition, PRT811 demonstrated signs of preliminary clinical activity, including an IDH1 mutated high-grade glioma (glioblastoma (GBM)) patient who experienced a partial response, or PR, that evolved into a durable CR for more than 13 months. In addition, a patient with splicing-mutant, or SF3B1, uveal melanoma demonstrated SD for more than six months with a 25% tumor regression. At a post data-cutoff on September 20, 2021, one additional patient (receiving a dose of 800 mg QD) with SF3B1 uveal melanoma had an unconfirmed PR and 47% decrease in target lesion, and a patient with triple negative breast cancer (receiving a dose of 800 mg QD) demonstrated a 27% decrease in target lesions. PRT811 was generally well-tolerated; the most common grade 3 or higher treatment-related AE was thrombocytopenia (7%), which was reversible upon treatment interruption. Patients were largely able to remain on therapy with few AE-related dose interruptions (13%), reductions (4%), or discontinuations (3%).

On March 9, 2022, we announced that we are concentrating our further development efforts on PRT811 in biomarker-selected patients in specific cancer types. While the Company believes that both PRT811 and PRT543 are high quality,

clinically active compounds, PRT811 was selected based on its superior safety profile, higher level of target engagement, and unique brain penetrant properties.

Specifically, we intend to:

- Focus clinical development in select patient populations where clinical activity has been observed, including splicing mutated myeloid malignancies and solid tumors including uveal melanoma and IDH1 mutated high grade gliomas.
- Complete data analysis of the ongoing expansion cohort of adenoid cystic carcinoma (ACC) by mid-year to determine further development.
- Report data from the ongoing dose expansion cohorts in the second half of 2022.
- Determine appropriate development options for PRT811 based on emerging data from ongoing expansion cohorts.

PRT1419, our third clinical candidate, is designed to be a potent and selective inhibitor of the anti-apoptotic protein, MCL1. The potency and selectivity of PRT1419 is supported by preclinical data demonstrating nanomolar inhibition of MCL1 and no inhibition of related enzymes at 200 times higher concentration of our product candidate. We have begun enrolling patients with hematologic malignancies, including patients with myelodysplastic syndrome, or MDS, acute myeloid leukemia, or AML, non-Hodgkin's lymphoma, or NHL, and multiple myeloma, or MM, into the Phase 1 clinical trial for the oral formulation of PRT1419. The dose escalation portion of the Phase 1 trial of both oral formulation and the intravenous, IV, formulation, which leverages the optimized physicochemical properties of PRT1419, are underway in patients with solid tumors and hematologic malignancies.

On March 9, 2022, we announced that we are prioritizing development of the IV formulation of PRT1419, which demonstrated a desirable pharmacokinetic, pharmacodynamic and safety profile with potential for differentiation from competitor compounds. We intend to initiate a combination trial with venetoclax by mid-year with the goal of establishing safety, clinical activity and a recommended Phase 2 dose in the second half of 2022.

PRT2527, our fourth clinical candidate, is designed to be a potent and selective Cyclin-dependent kinase 9, or CDK9, inhibitor. In preclinical studies, PRT2527 was shown to reduce MCL1 and MYC protein levels and was highly active in preclinical models at well-tolerated doses. PRT2527 has demonstrated high potency and kinase selectivity which may offer improved efficacy and safety compared to less selective CDK9 inhibitors. Preclinical data demonstrated that treatment with PRT2527 depleted oncogenic drivers with short half-lives, such as MYC and MCL1, and effectively induced apoptosis. PRT2527 treatment demonstrated robust efficacy in both hematological malignancies and solid tumor models with MYC dysregulation. A phase one trial is underway evaluating escalating IV doses of PRT2527 as a monotherapy in patients with selected solid tumors, including sarcoma, prostate cancer, lung cancer, and other cancers with genomic alterations that lead to MYC dependence.

On March 9, 2022, we announced that we intend to complete enrollment in the Phase 1 dose escalation study of PRT2527 with the goal of identifying a recommended Phase 2 dose in the second half of 2022.

In addition to our four clinical stage candidates, we are advancing two new preclinical programs. Our most advanced preclinical program has led to the identification of PRT3645, a brain penetrant molecule that potently and selectively targets CDK4/6. IND-enabling studies for PRT3645 are ongoing and we plan to complete IND-enabling studies, file an IND and initiate a Phase 1 clinical trial in the second half of 2022. Our second pre-clinical program targets Brahma homologue, or BRM, otherwise known as SMARCA2. We have identified SMARCA2 protein degraders that demonstrate selective degradation of SMARCA2 at sub-nanomolar concentrations. We are currently profiling our lead compound, PRT-SCA2, and plan to submit an IND application by year-end 2022.

Prelude Discovery and Development Approach

We carefully evaluate and select our targets based on three key pillars, which provide a framework for optimizing our drug discovery and development efforts.

- Identify target mechanisms with compelling biological rationale
    - *Current target mechanisms of focus include: transcriptional regulation, deoxyribonucleic acid, or DNA, repair pathway, cell cycle regulation, exploitation of synthetic lethality and brain penetrant molecules.*

- Leverage our advanced medicinal chemistry capabilities to create better product candidates
  - *We view all target classes equally and strive to invent clinical candidates that meet our desired target product profiles.*
- Pursue targets that drive cancers with high unmet need
  - *Focus on targets that allow us to select patients and cancers with high unmet need with no approved therapies, or patient populations that are underserved by approved treatments.*

Once we have identified optimal targets using the three pillars above, we engage our unique discovery engine to rapidly and efficiently invent and develop molecules. We believe our expertise, capabilities and experience to select high value biological targets and invent molecules with an optimized balance of biological and chemical properties differentiates us from others in the precision oncology space. We believe our unique discovery engine will enable us to continue delivering a new IND every 12 to 18 months.

We design our clinical trials to leverage the broad utility of our compounds with a focus on efficient regulatory pathways to enable our potentially transformative medicines to quickly reach patients with high unmet medical need. By focusing on validated cancer signaling pathways and early clinical proof-of-concept, we seek to advance our programs through expedited approval processes.

Our Strategy

We aim to create better targeted and more effective cancer therapies. Our goal is to transform the lives of patients with cancer by leveraging the core competencies of our experienced team in medicinal chemistry, cancer biology and clinical development to bring novel drugs to market. We intend to become a fully integrated oncology company on the foundation of drug discovery excellence to deliver novel precision oncology medicines to patients with underserved cancers by pursuing the following objectives:

- Leverage our cancer biology and medicinal chemistry expertise to strive to deliver one new IND every 12 – 18 months.
- Discover and develop differentiated small molecules NCEs in validated targets that address unmet needs of oncology patients.
- Rapidly progress our product candidates through clinical development in patients with solid tumors and hematological malignancies.
- Focused clinical development in underserved cancers, and design clinical trials for allowing efficient decisions with the highest probability of success and potential for rapid regulatory approval.
- Advance our product candidate pipeline in combination with internally discovered and third-party developed compounds.
- Evaluate strategic opportunities to accelerate development timelines and maximize the value of our product candidates.

Cancer Background and Treatment

Cancer is the second-leading cause of death in the United States. The American Cancer Society estimates that approximately 1.9 million new cancer cases will be diagnosed and more than 608,570 people are expected to die of the disease in the United States in 2021. Cancer is a disease of the genome caused by changes in DNA that alter cell behavior, growth and division. These changes can cause cells to produce abnormal amounts of certain proteins and/or to make aberrant proteins that do not function properly. It is widely understood that cancer cells can eventually evade therapies through mutations or other resistance mechanisms, limiting the long-term success of drug therapies.

Historically, cancer has been treated with surgery, radiation and drug therapy with patients often receiving a combination of these treatment modalities. While surgery and radiation can be effective in patients with localized disease, drug therapies are often required when the cancer has spread beyond the primary site or is not amenable to resection.

Drug therapy is intended to kill or damage malignant cells by interfering with the biological processes that control development, growth and survival of cancer cells. This treatment modality has evolved over time from the use of non-specific cytotoxic therapies to precision oncology medicines targeting molecular pathways or oncogenic drivers. These precision medicines are broadly known as targeted therapies**.**

Our Product Candidates

PRMT5 Inhibitors: PRT543 & PRT811

Rationale for targeting the PRMT5 pathway in cancer

Cancer is a disease of the genome and all cancers have genomic lesions that must be addressed to develop effective treatments. These genomic changes are important at all stages of cancer progression, including initial formation, growth, and metastasis, and result in the upregulation of genes that promote cell growth and survival together with the downregulation of genes that suppress tumor growth.

PRMT5 controls a number of the biological processes that drive cancer including transcription, translation, DNA repair and cell signaling. Overexpression and increased enzymatic activity of PRMT5 are associated with poor outcome and decreased survival in multiple human cancer settings, as outlined in the table below.

Tumor type	Sample Size of Patients	Median Survival (High PRMT5)	Median Survival (Low PRMT5)	Log rank p-value
Ovarian	118	~40 mos *	>80 mos *	0.001
Lung	400	~45 mos *	~75 mos *	<0.0001
Lymphoma	50	~1.6y *	~5.8y *	<0.0001
GBM	43	108 days	726 days	0.0001
Head and Neck	209	~4y *	~10y *	0.012
Pancreatic	55	~15 mos *	~30 mos *	0.015
Colon	90	~34 mos *	~83 mos *	0.02

This information is based on published data in peer-reviewed journals and reflects standard therapeutic intervention.

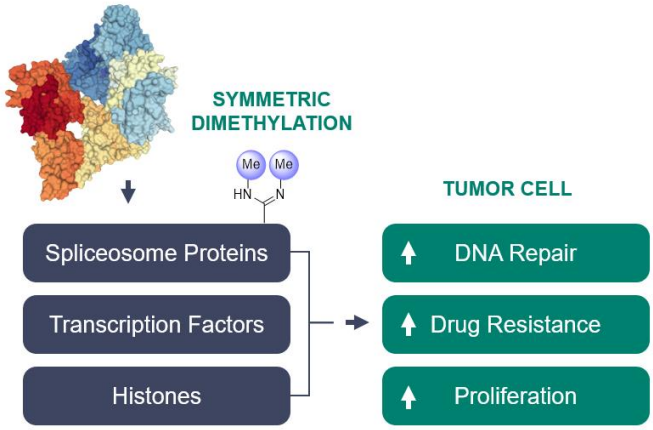
* Where median survival was not explicitly provided in the text, we estimated values from the graphs provided in the publications.

PRMT5 Regulates Transcription and Translation of Cancer-related Genes

The oncogenic process controlled by PRMT5 is mediated through the symmetric dimethylation of arginines on its substrate proteins (Figure 1). PRMT5, an intracellular enzyme, transfers two methyl groups from a co- factor S-adenosyl methionine, or SAM, and deposits them on its substrate proteins resulting in the formation of a symmetric dimethylarginine, or sDMA, mark. This post-translational modification alters the protein structure, impacts interactions with DNA, and also generates docking sites for effector molecules that can promote tumor cell growth and survival. PRMT5 substrate proteins include:

- **Histones**—basic proteins that associate with DNA in the nucleus and help condense it into chromatin;
- **Transcription factors**—proteins involved in the process of transcribing DNA into ribonucleic acid, or RNA; and
- **Spliceosomal proteins**—large protein complex that removes introns from pre-mRNA to yield mature RNA.

Figure 1. PRMT5 Pathway Drives Oncogenesis and Resistance



Through arginine methylation of histones, transcription factors and the spliceosome complex, PRMT5 regulates the expression of genes involved in promoting cancer cell growth and survival. These include cell cycle genes, tumor suppressors, oncogenes, and genes involved in proliferation and signaling.

PRMT5-regulated transcription factors, including cyclin D1 and MYC, have a well-established role in a number of cancers. Conversely, PRMT5-mediated methylation of histones such as H3 and H4 represses a number of tumor suppressor genes including retinoblastoma, or *RB*, family members, contributing to unchecked proliferation of malignant cells. In addition, PRMT5 symmetrically dimethylates ribosomal binding proteins and modulates mRNA translation of internal ribosome entry site-containing mRNAs, further promoting the generation of oncogenic proteins. Consistent with its role in promoting cancer, PRMT5 inhibition has been shown to decrease tumor growth in preclinical models. Therefore, PRMT5 is believed to serve as an important mediator of cancer progression and can be targeted to treat a range of solid tumors and hematological malignancies. These attributes make PRMT5 an ideal therapeutic target for cancer.

The role of PRMT5 in regulating gene transcription and translation may be particularly relevant in cancers such as ACC where up to 86% of patients harbor the gene fusion of the *MYB* family members *MYB* or *MYBL*1 with the Nuclear Factor 1B, or *NFIB*, gene. *MYB or MYBL1* gene fusions lead to overexpression of the MYB/ MYBL1 protein. Published data demonstrate that *MYB* overexpression is important for driving cell proliferation and tumor growth in preclinical ACC models. In addition, our internal data illustrate that PRMT5 inhibition decreased *MYB* expression levels in *MYB*-dependent preclinical models and inhibited tumor growth in PDX models of ACC. Recent evidence of clinical activity with a third party PRMT5 inhibitor in patients with ACC further validates PRMT5 as a potential target mechanism in this highly underserved cancer.

PRMT5 Regulates mRNA Splicing in Cancer Cells

In addition to regulating transcription, PRMT5 also modulates gene expression by controlling mRNA splicing. Splicing is a fundamental cellular process that involves the removal of noncoding sequences from the precursor mRNA to produce the mature form that encodes for protein. In the absence of correct mRNA splicing, mutated or unstable proteins are produced, ultimately leading to cell cycle defects, senescence and apoptosis. The splicing reaction is carried out by a multi-protein/RNA complex called the spliceosome. PRMT5 plays an important role in the splicing of mRNA through methylation of spliceosome protein, which is critical for the assembly of the spliceosome complex and its function. In preclinical models, tumors with high degrees of proliferation, such as *MYC*-driven tumors, were associated with increased activity of PRMT5 to maintain the fidelity of the spliceosome, demonstrating the importance of PRMT5 in this process.

The role of PRMT5 in regulating mRNA splicing may be most relevant in cancers with spliceosomal mutations or those that are dependent on high splicing fidelity, such as GBM. Spliceosomal mutations also occur in more than 50% of MDS patients and at lower frequencies in other tumor types including MF, chronic myelomonocytic leukemia, AML, NHL, MM, chronic lymphocytic leukemia, or CLL, and uveal melanoma. These spliceosomal alterations are often correlated

with higher mutational burden and/or poor prognosis. In models of AML, preclinical data demonstrated that PRMT5 inhibition resulted in higher levels of suppression of the growth of cancer cells containing mutated spliceosome proteins compared to those containing unmutated spliceosome proteins.

Synthetic lethality from PRMT5 inhibition in certain settings

Synthetic lethality applies to specific pairs of genes. A synthetic lethal interaction occurs when a deficiency in either gene alone is viable whereas a deficiency in both genes simultaneously results in cell death. In cancer, synthetic lethality can be exploited to selectively kill cancer cells in which one gene in the pair is mutated or deleted in the tumor cell and the remaining second gene is therapeutically inhibited. This leads to death of the cancer cells whereas normal cells, which lack the specific genetic alteration, are spared the effect of the drug. In the case of PRMT5, it has been demonstrated that certain genomic alterations confer a selective dependence on PRMT5 so that PRMT5 inhibition can be utilized to produce a synthetic lethal effect. For example, PRMT5 inhibition shows a modest preferential impairment of cell viability in methylthioadenosine phosphorylase, or *MTAP*, -null cancer cells compared to normal cells, suggesting that PRMT5 inhibitors could produce a synthetic lethal effect in GBM, in which nearly half of the patients carry the *MTAP* deletion.

The synthetic lethal effect of pharmacological inhibitors of DNA repair mechanisms such as poly ADP- ribose polymerases, or PARPs, have been successfully utilized in the treatment of HRD+ cancers. HRD+ can occur as a result of genetic or epigenetic mechanisms that result in loss of genes such as breast cancer genes, or *BRCA1* and *BRCA2*, that are required for efficient DNA repair. More recent data support the potential synthetic lethality of PRMT5 inhibition in tumors that are HRD+ due to the role of PRMT5 in DNA repair (Figure 2). PRMT5 upregulates the transcription of genes involved in HR repair to regulate the DNA damage repair response. PRMT5 inhibition has been shown preclinically to decrease expression of these genes to induce cell death, supporting the potential of PRMT5 inhibitors in HRD+ tumors.

Together, these data support the development of PRMT5 inhibitors in select solid tumors and hematologic malignancies.

PRT543

Overview

We are currently advancing our first clinical candidate PRT543, an oral inhibitor of PRMT5 in a Phase 1 clinical trial in advanced solid tumors and select myeloid malignancies.

Clinical Trial Design and Schema

Our PRT543 Phase 1 clinical trial design seeks to leverage PRT543's broad potential therapeutic utility to rapidly generate proof-of-concept across multiple solid tumors and myeloid malignancies. Trial enrollment of patients with relapsed/refractory, or R/R, advanced solid tumors, NHL (Group A) or R/R MF or MDS (Group B) commenced in February 2019 and is being conducted at approximately 25 sites throughout the United States. This clinical trial consists of two parts, a dose escalation portion followed by dose expansion into separate tumor-specific cohorts. Enrollment into the additional dose expansion cohorts began early in the second quarter of 2021. Total expected enrollment is anticipated to be approximately 165 patients.

Phase 1 Clinical Trial of PRT543

All data are reflective of a data cutoff of August 6, 2021 unless otherwise stated. As of an August 6, 2021 data cutoff date, the dose escalation portion of the ongoing Phase 1 trial of PRT543 enrolled a total of 49 patients across 18 unselected advanced solid tumors and lymphoma. Patients enrolled received an average of three prior lines of therapy. PRT543 demonstrated target engagement and inhibition of PRMT5 functional activity as evidenced by a 69% reduction in serum symmetric dimethylarginine, or sDMA, at a dose of 45 mg/5x per week. In addition, PRT543 demonstrated signs of preliminary clinical activity, including a durable CR, maintained for over 18 months in a patient with HRD+ ovarian cancer who remains on treatment and prolonged SD, persisting for over six months in five patients, including four patients with ACC and one patient with uveal melanoma. A complete response is defined as the disappearance of all target lesions.

PRT543 was generally well tolerated: the most common grade 3 or higher treatment-related adverse events, or AE, occurring in at least 5% of patients were thrombocytopenia (27%) and anemia (12%), both of which were reversible upon

treatment interruption. Patients were largely able to remain on therapy with few AE-related dose interruptions (27%), reductions (22%), or discontinuations (4%).

While early in development and there is no guarantee of approval by the FDA or other regulatory authorities, we are encouraged by the clinical activity of PRT543.

Based on data from the ongoing Phase 1 dose expansion studies of both PRT543 and PRT811, we announced, on March 9, 2022, that we are concentrating our development efforts on PRT811 in biomarker-selected patients in specific cancer types. While the Company believes that both PRT811 and PRT543 are high quality, clinically active compounds, PRT811 was selected based on its superior safety profile, higher level of target engagement, and unique brain penetrant properties.

Specifically, we intend to:

- Focus clinical development in select patient populations where clinical activity has been observed, including splicing mutated myeloid malignancies and solid tumors including uveal melanoma and IDH1 mutated high grade gliomas.
- Complete data analysis of the ongoing expansion cohort of adenoid cystic carcinoma (ACC) by mid-year to determine further development.
- Report data from the ongoing dose expansion cohorts in the second half of 2022.

PRT811

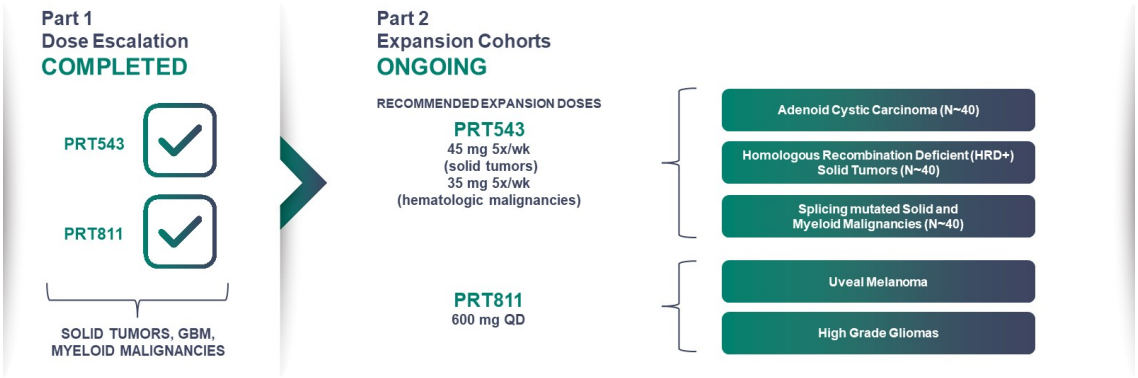
Overview

Our second PRMT5 inhibitor, PRT811 has completed a Phase 1 dose escalation study and is currently enrolling dose expansion cohorts. PRT811 is designed to be a highly potent, selective and orally bioavailable molecule optimized for high brain exposure and hence we believe is uniquely positioned to treat PRMT5-sensitive CNS cancers among other solid tumors. Data from the expansion cohorts are expected to be presented in the second half of 2022.

Clinical Trial Design and Schema

This is a multicenter, open-label, dose-escalation, dose-expansion Phase 1 clinical trial of PRT811. Enrollment into the dose escalation portion of the clinical trial includes patients with R/R solid tumors, PCNSL, and /or high-grade gliomas. Enrollment initiated in November 2019 and is being conducted across eleven sites in the United States. We initiated enrollment of the dose expansion portion of the clinical trial in three patient cohorts in December 2021. The total expected enrollment is approximately 63 patients.

Figure 2. PRT543 and PRT811 Clinical Trial Schema



Phase 1 Clinical Trial of PRT811

All data are reflective of a data cutoff of August 13, 2021 unless otherwise stated.

The dose escalation portion of the ongoing Phase 1 trial of PRT811 enrolled a total of 45 patients, including 27 patients across 16 unselected advanced solid tumors and 18 patients with high-grade gliomas, including 17 patients with glioblastoma multiforme, or GBM. PRT811 demonstrated dose dependent inhibition of PRMT5 activity as evidenced by an 83% reduction in serum sDMA at a dose of 600 mg daily (QD). In addition, PRT811 demonstrated signs of preliminary clinical activity, including an IDH1 mutated high-grade glioma (glioblastoma (GBM)) patient who experienced a PR that evolved into a durable CR for more than 13 months. In addition, a patient with splicing-mutant, or SF3B1, uveal melanoma demonstrated SD for more than six months with a 25% tumor regression. At a post data-cutoff on September 20, 2021, one additional patient (receiving a dose of 800 mg QD) with SF3B1 uveal melanoma had an unconfirmed PR and 47% decrease in target lesion, and a patient with triple negative breast cancer (receiving a dose of 800 mg QD) demonstrated a 27% decrease in target lesions. PRT811 was generally well-tolerated; the most common grade 3 or higher treatment-related AE was thrombocytopenia (7%), which was reversible upon treatment interruption. Patients were largely able to remain on therapy with few AE-related dose interruptions (13%), reductions (4%), or discontinuations (3%).

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Specifically, we intend to:

- Focus clinical development in select patient populations where clinical activity has been observed, including splicing mutated myeloid malignancies and solid tumors including uveal melanoma and IDH1 mutated high grade gliomas.
- Report data from the ongoing dose expansion cohorts in the second half of 2022.
- Determine appropriate development options for PRT811 based on emerging data from ongoing expansion cohorts.

MCL1 Inhibitor: PRT1419

Overview

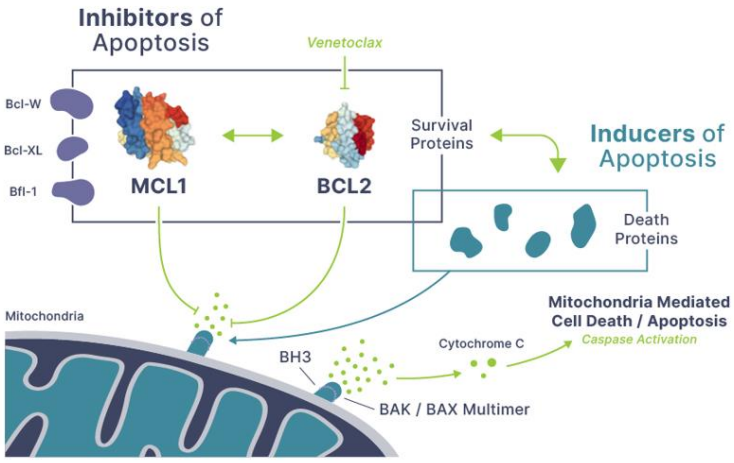
PRT1419 is designed to be a potent and selective inhibitor of the anti-apoptotic protein, MCL1. PRT1419 has been optimized to have the PK properties to allow for either oral or IV administration, providing maximal coverage of the target while maintaining an adequate tolerability window. We believe that the physicochemical and pharmacological properties of PRT1419 allow the optionality of administering PRT1419 by either oral or IV route. Based on our preclinical data, as well as published third-party data, we believe that hematological malignancies are particularly sensitive to MCL1 inhibitors. MCL1 upregulation has been noted as a mechanism of acquired resistance to venetoclax and TKIs. In addition, certain solid tumors are responsive to MCL1 inhibition, informing a potential patient selection strategy. Based on data demonstrating that MCL1 is a primary resistance mechanism to BCL2 inhibitors like venetoclax, a combination study with azacitidine or venetoclax in

MDS/AML is planned. The dose escalation portion of the Phase 1 trial of both oral formulation and the IV formulation, which leverages the optimized physicochemical properties of PRT1419, are now underway in patients with solid tumors.

Background

The ability to evade cell death is a hallmark of cancer because it is one of the unique acquired abilities that allows malignant transformation of a normal cell. MCL1 and BCL2 are both members of a family of proteins that regulate cell survival versus cell death. Under normal circumstances, MCL1 and BCL2 exert their pro-survival function by binding to and sequestering the pro-death proteins, BAK and BAX, and prevent the activation of a downstream cascade leading to apoptosis (Figure 3). In normal cells, cellular stressors such as DNA damage disrupt this interaction and result in cell death. Cancer cells, however, frequently upregulate pro-survival proteins to prevent activation of the apoptotic pathway, thus evading death. *MCL1* has been shown to have a critical role in promoting cancer cell survival and is frequently found to be amplified or overexpressed in both solid tumors and hematologic cancers.

Figure 3. MCL1 Promotes Tumor Cell Survival by Inhibiting Apoptosis



Members of the BCL2 protein family control cell survival and cell death. MCL1, a member of the family, acts to suppress cell death and has emerged as a target for anti-cancer therapy and as a resistance mechanism to the BCL2 inhibitor, venetoclax.

Inhibition of MCL1 expression and/or function is therefore of considerable therapeutic interest in cancer. The importance of blocking the protein-protein interaction between pro-survival and pro-death proteins as a therapy to promote tumor cell death has been clinically validated with the BCL2 inhibitor, venetoclax. Venetoclax was approved in 2016 for R/R patients with CLL and in 2018 for patients with AML. *MCL1* is upregulated in response to BCL2 inhibition and has been implicated in mediating resistance to venetoclax, as well as to chemotherapeutic agents and other targeted therapies including TKIs. These studies have demonstrated the potentially broad clinical benefits of targeting cell survival through MCL1 inhibition in cancer.

Small molecule MCL1 inhibitors have been shown to be remarkably efficacious as monotherapy in preclinical models of MM, AML and lymphoma. Treatment with these inhibitors leads to robust activation of apoptosis markers including cleaved caspase-3 and cleaved PARP *in vivo* and *in vitro*. Objective clinical responses were demonstrated in a Phase 1 multiple myeloma clinical trial with AMG176, a third-party MCL1 inhibitor, providing clinical validation of the pathway. MCL1 inhibitors have also demonstrated potent synergistic activity in combination with approved standard of care therapies, including venetoclax, in preclinical models of AML. Although these inhibitors show limited efficacy as monotherapy in solid tumor models, combination with TKIs has resulted in potent anti-tumor effects in triple negative breast cancer, melanoma and non-small cell lung cancer.

Although the data on the importance of *MCL1* in driving tumor growth and survival are compelling, complete ablation of *MCL1* has been shown to result in cardiomyocyte apoptosis in mice. Mice with heterozygous deletion of *Mcl1* resulting in a 50% reduction in MCL1 protein did not demonstrate cardiac abnormalities. These results suggest that an optimized profile for a pharmacological inhibitor of MCL1 should allow for maximal but limited duration of target engagement rather than prolonged coverage to maximize the therapeutic window of *MCL1* inhibition in clinical development.

Our Approach to Designing Optimized MCL1 Inhibitors

We used structure-based design to identify PRT1419 as an inhibitor of human MCL1 that is designed to induce tumor cell death by apoptosis. It has been optimized to have high permeability and adequate solubility to provide suitable PK that allows for oral and IV dosing. We believe these features have the potential to maximize the therapeutic window and overcome some of the limitations of current MCL1 inhibitors, as well as provide the convenience and flexibility associated with oral dosing both as monotherapy and potentially in combination with other oral therapies.

PRT1419

Potency and Selectivity

We investigated the *in vitro* potency of PRT1419 to inhibit the protein-protein interaction of human recombinant MCL1 with the pro-death protein, BIM, by measuring its IC50. In this assay, we observed the IC50 of PRT1419 to be 6.6 nM. We also investigated the *in vitro* selectivity of PRT1419 for MCL1 as compared to related family members, BCL-2 and BCLXL. We observed that PRT1419 showed >200 times weaker inhibition of BCL-2 and BCLXL compared to MCL1.

Tumor cells undergo apoptosis in response to MCL1 inhibition. Therefore, we investigated the potency of PRT1419 to inhibit the proliferation of cell lines representing both solid tumors and hematologic malignancies. Tumor cell lines were treated with various concentrations of PRT1419 and the number of viable cells was measured after two days in culture. We observed that cell lines representing multiple myeloma, lymphomas and leukemias were particularly sensitive to PRT1419 with IC50 values in the nanomolar range. The in vitro activity of PRT1419 was confirmed in vivo. Once weekly dosing of PRT1419 demonstrated robust efficacy in preclinical models of AML, DLBCL and multiple myeloma.

Clinical Trial Update

Two dose escalation Phase I studies for our oral and IV formulation of PRT1419 are on-going in patients with hematologic malignancies, including patients with high risk myelodysplastic syndrome, or MDS, acute myeloid leukemia, or AML, non-Hodgkin’s lymphoma, or NHL, and multiple myeloma, or MM. A third dose escalation Phase I study for our IV formulation of PRT1419 is on-going for patients with unselected solid tumors.

On March 9, 2022, we announced that based on the data to date, we intend to prioritize development of the IV formulation of PRT1419, which demonstrated a desirable pharmacokinetic, pharmacodynamic and safety profile with potential for differentiation from competitor compounds. We intend to initiate a combination trial with venetoclax by mid-year with the goal of establishing safety, clinical activity and a recommended Phase 2 dose in the second half of 2022.

CDK9 Program

Overview

CDK9 has emerged as an essential regulator of cancer-promoting transcriptional programs, including those driven by *MCL1*, *MYC* and *MYB*. Inhibition of CDK9 is thus an attractive therapeutic approach to produce synthetic lethality in genomically selected cancers. We have applied our internal expertise to design PRT2527 as a potent inhibitor of CDK9 that exhibits high kinome selectivity, PK properties and solubility that we believe may broaden the therapeutic window of CDK9 inhibition. A phase 1 trial is underway evaluating escalating IV doses of PRT2527 as a monotherapy in patients with selected solid tumors, including sarcoma, prostate cancer, lung cancer, and other cancers with genomic alterations that lead to MYC dependence.

Background

Cyclin dependent kinases, or CDKs, are a family of closely related serine/threonine kinases that have demonstrated activity in multiple cancers. The first inhibitors of two of the family members, CDK4 and CDK6, gained FDA approval for HR+ metastatic breast cancer in 2015 and are now broadly used. In contrast to CDK4 and CDK6, which regulate cell cycle progression and proliferation, it is now appreciated that other members of the CDK family play important roles in regulating transcription. CDK9 specifically phosphorylates RNA polymerase II to generate mature mRNA. Given its fundamental role in transcription, CDK9 has emerged as a central node in the transcriptional addiction of cancer.

Importantly, inhibition of CDK9 in cancer has been shown to preferentially deplete short-lived transcripts including key anti-apoptotic genes such as *MCL1* and oncogenic transcription factors such as *MYC* and *MYB*. Preclinical evidence demonstrates that CDK9 inhibition represses *MCL1* and thereby overcomes resistance to the BCL2 inhibitor venetoclax. Additionally, preclinical studies suggest that CDK9 inhibition perturbs *MYC*- mediated signaling and produces synthetic lethality in nuclear protein of the testis midline carcinoma, hepatocellular carcinoma and additional solid tumors. Our patient selection strategy in clinical trials would strive to exploit these synthetic lethality relationships by identifying cancers with molecular evidence of *MCL1* and/or *MYC* dysregulation.

Our CDK9 Inhibitor: PRT2527

Although various non-selective CDK9 inhibitors have progressed through clinical development, they have been significantly limited by narrow therapeutic windows due to adverse effects, including bone marrow suppression, nausea and GI effects. We have utilized structure-based design to identify a novel, structurally differentiated series of CDK9 inhibitors. Iterative synthesis and testing of over 600 compounds allowed the identification of PRT2527, which has improved potency and kinase selectivity compared to AZ4573, the most advanced CDK9-selective inhibitor currently in development. The PK and physical properties of PRT2527 are suitable for IV or SC dosing.

In preclinical models, PRT2527 reduced MCL1 and MYC protein levels and was highly active in the *MYC*- amplified MV4-11 xenograft model at well-tolerated doses. Upon evaluation of additional models, PRT2527 treatment demonstrated robust efficacy in both hematological malignancies and solid tumor models with MYC dysregulation. Our preclinical studies suggest that PRT2527 demonstrates high selectivity and high potency, providing opportunity for a wider therapeutic index compared to less selective CDK9 inhibitors.

We intend to complete enrollment in the Phase 1 dose escalation study of PRT2527 with the goal of identifying a recommended Phase 2 dose in the second half of 2022.

CDK4/6 Program

Background

Among the CDK subfamily of kinases, CDK4 and CDK6 are the master regulators that control entry of cells into cell cycle. Given the central roles that CDK4 and CDK6 play in cell cycle regulation, dysregulation of the CDK4/CDK6 pathway has been frequently observed in cancer and CDK4/CDK6 have been intensively investigated as potential therapeutic targets for cancer treatment. The approval of three CDK4/CDK6 selective inhibitors in combination with endocrine therapies, to treat hormone receptor (HR) positive and human epidermal growth factor receptor 2 (HER2) negative metastatic breast cancer has further validated this hypothesis.

Despite the success of CDK4/CDK6 inhibitors for the treatment of ER+ metastatic breast cancer, central nervous system (CNS) diseases such as glioblastoma (GBM) and brain metastases are challenging malignancies with urgent unmet needs. Large scale genomic studies revealed that the CDK4/CDK6 pathway is disrupted in the majority of gliomas, suggesting CDK4/CDK6 may be good targets for GBM. In addition, brain metastases may arise in an estimated 20% of all cancer patients but still lacks effective therapies. Genomic studies also identified the CDK4/6 pathway as one of three most altered and actionable genetic alternations in brain metastasis. However, despite positive preclinical data supporting targeting CDK4/CDK6 to treat CNS cancers, clinical development of CDK4/CDK6 inhibitors for GBM or brain metastases has not been successful, likely due to the inability of current inhibitors to penetrate the blood-brain barrier (BBB) and achieve effective concentrations in the brain.

Our CDK4/6 Inhibitor: PRT3645

Structure based design and iterative compound synthesis and testing led to the identification of PRT3645, a highly brain penetrant molecule that potently and selectively targets CDK4/6. In cellular assays, PRT3645 inhibits phosphorylation of RB, a substrate of CDK4/CDK6, with low nanomolar activity. Consistent with this, PRT3645 treatment results in concentration-dependent inhibition of cell proliferation in glioblastoma (GBM) cell lines and in ER+/HER2- and HER2+ breast cancer lines. In vivo, orally administered PRT3645 was well tolerated and highly efficacious in a dose-dependent manner in orthotopic human breast cancer brain metastasis and GBM models. In a head to head comparison, PRT3645 demonstrated a brain:plasma ratio that was ~100x higher than approved CDK4/6 inhibitors. We plan to complete IND-enabling studies, file an IND and initiate a Phase 1 clinical trial in the second half of 2022.

SMARCA2 (BRM) targeted degrader program

Background

SMARCA2 (also known as BRM) and its related family member, SMARCA4 (also known as BRG1), are the enzymatic subunits of the SWI/SNF complex that regulates gene expression by allowing the DNA to be accessible for transcription to mature RNA, a process known as chromatin remodeling. *SMARCA4* is mutated in multiple cancers, including 10-12% of NSCLC, resulting in loss of SMARCA4 protein. Because the activity of either SMARCA2 or SMARCA4 is required for chromatin remodeling to occur, the *SMARCA4*-deficient cancer cells become highly dependent on SMARCA2 for their survival. Therefore, we believe targeting SMARCA2 in *SMARCA4*-deficient cancers will produce a strong synthetic lethality, resulting in *SMARCA4* mutant tumor cell death while sparing normal cells that express SMARCA4 protein.

Our SMARCA2 Degrader Program

Due to the high homology between SMARCA2 and SMARCA4, there are few structural differences in the binding sites between the two proteins and thus selective SMARCA2 degradation has been a challenge for medicinal chemistry. Targeted protein degradation is a relatively new approach to degrade oncogenic proteins and has been shown to provide selective degradation of highly homologous proteins. A molecule capable of targeting a protein for degradation (degrader) typically contains a binding element to a targeted protein of interest (SMARCA2), a chemical linker and an E3 ligase binding element which allows for the formation of a ternary complex between the target, the degrader and the E3 ligase that induces ubiquitination and subsequent degradation of the targeted protein. Selectivity can be achieved, not only by the selective binding to the target (SMARCA2), but also through the optimization of the unique ternary complexes formed by the target (SMARCA2) versus its homologous protein (SMARCA4).

We used structure-based drug design to identify a novel series of potent SMARCA2 degraders that are outside the typical drug-like chemical space, being significantly larger and structurally more complex. Extensive structure activity relationships generated by the iterative synthesis and testing of >700 compounds as of the date of this Annual Report on Form 10-K has allowed the identification of specific structural motifs that provide >20-fold selectivity for SMARCA2 degradation over SMARCA4 while maintaining potent SMARCA2 degradation, DC50 < 10 nM. DC50 is a quantitative measure of how much of a compound is needed to inhibit the degradation of a protein by 50%. We have designed our SMARCA2 degraders to be potent and selective to specifically inhibit *SMARCA4*- deficient human NSCLC cell lines and primary patient derived samples. We are currently profiling our lead compound, PRT-SCA2, and plan to submit an IND application by year-end 2022.

Intellectual Property

We strive to protect the proprietary technologies that we believe are important to our business, including seeking and maintaining patent protection intended to cover the compositions of matter of our product candidates, their methods of use, related technology, and other inventions that are important to our business.

Our success will depend significantly on our ability to obtain and maintain patent and other proprietary protection for commercially important technology, inventions, and know-how related to our business, to defend and enforce our patents, to preserve the confidentiality of our trade secrets, and to operate without infringing valid and enforceable patents and other

proprietary rights of third parties. We also rely on know-how and continuing technological innovation to develop, strengthen, and maintain our proprietary position in the field of precision oncology.

As more fully described below, our patent portfolio includes, inter alia, patent families with claims directed to compositions of matter for, and methods of using, compounds PRT543, PRT811 PRT1419, PRT2527, PRT3645, and compounds that degrade SMARCA2. The patent portfolio currently comprises of 146 patents and patent applications:

(A) (i) 8 issued U.S. patents, (ii) 16 U.S. non-provisional patent applications, and (iii) 23 U.S. provisional patent applications; and
(B) (iv) 13 PCT patent applications, (v) 20 issued foreign patents including patents in the European jurisdictions, and (vi) 66 foreign patent applications.

As of the present filing, a total of eight U.S. patents have been issued, which are wholly owned by us. Specifically, a total of three U.S. patent directed to PRT543 have issued and are expected to expire no earlier than August 9, 2038. Similarly, three U.S. patents directed to PRT811 have issued and are expected to expire no earlier than March 14, 2039. Also, one U.S. patent directed to the PRMT5 program has issued and is expected expire no earlier than August 16, 2039. In addition, one U.S. patent directed to PRT1419 has issued and is expected to expire no earlier than November 08, 2039.

In addition to our filings in the United States, we own patent applications that are pending in Australia, Brazil, Canada, China, Eurasia, Europe, Hong Kong, India, Israel, Japan, Mexico, New Zealand, South Africa, South Korea, and Ukraine. Included in these applications are claims directed to the PRT543, PRT811, and PRT1419 composition and methods of using the same therapeutically. For the PRT543 compound, the patents from these applications, if issued, are expected to expire in August 2038, subject to any disclaimers or extensions. For the PRT811 compound, the patents from these applications, if issued, are expected to expire in March 2039, subject to any disclaimers or extensions. For the PRT1419 compound, the patents from these applications, if issued, are expected to expire in November 2039, subject to any disclaimers or extensions.

The patent portfolios for our most advanced programs are summarized below.

PRT543

Our PRT543 patent portfolio is wholly owned by us. The portfolio includes three issued U.S. patents, which claim, among other things, PRT543, pharmaceutical compositions comprising PRT543, methods of inhibiting PRMT5 using PRT543, and methods of treating certain cancers, including breast and ovarian cancers, using PRT543. These U.S. patents are expected to expire no earlier than August 9, 2038, subject to any disclaimers or extensions available, including under the Hatch-Waxman Act. Corresponding patent applications are pending in several other countries and regions, including Australia, Brazil, Canada, China, Eurasia, Europe, Hong Kong, India, Israel, Japan, Mexico, New Zealand, South Africa, South Korea, and Ukraine. Any patents resulting from these patent applications, if issued, are also expected to expire no earlier than August 9, 2038, subject to any disclaimers or extensions.

The PRT543 patent portfolio also includes four pending U.S. and one pending PCT patent applications, which claim, among other things, a genus of compounds that encompass PRT543, PRT543 salts and crystalline forms, methods of preparing PRT543, and additional methods of treatment using PRT543. Any U.S. patents issuing from these applications would be expected to expire no earlier than August 9, 2038, August 13, 2041; October 5, 2041; 9 and December 9, 2041, respectively, subject to any disclaimers or extensions.

The PRT543 patent portfolio also includes six pending U.S. provisional applications that relate to among other things, methods of inhibiting PRMT5 using PRT543, methods of treating certain cancers, and associated clinical studies. Any patents granted that claim priority to this provisional application could expire as late as 2042.

PRT811

Our PRT811 patent portfolio is wholly owned by us. The portfolio includes three issued U.S. patents, which claim, among other things, PRT811, pharmaceutical compositions comprising PRT811, methods of inhibiting PRMT5 using PRT811, and methods of treating certain cancers, including glioblastoma, using PRT811. The patents are expected to expire no earlier than March 14, 2039, subject to any disclaimers or extensions available under the Hatch-Waxman Act. A related

PCT application was filed, and corresponding national phase applications were filed in Australia, Brazil, Canada, China, Eurasia, Europe, Hong Kong, India, Israel, Japan, Mexico, New Zealand, South Africa, South Korea, and Ukraine. Any patents resulting from these national patent applications, if issued, are expected to expire no earlier than March 14, 2039, subject to any disclaimers or extensions.

The PRT811 patent portfolio also includes two pending U.S. non-provisional applications and two PCT applications that claim compositions of matter, and s methods of treatment. Any patents issuing from the one pending U.S. non-provisional application would be expected to expire no earlier than April 03, 2020, and any patents issuing from the two PCT applications would be expected to expire not earlier than 2039 and 2040respectively, subject to any disclaimers or extensions.

The PRT811 patent portfolio also includes three pending U.S. provisional applications that relate to among other things, methods of inhibiting PRMT5 using PRT811, and methods of treating certain cancers, and associated clinical studies. Any patents granted that claim priority to this provisional application could expire as late as 2042.

PRT1419

Our PRT1419 patent portfolio, which is wholly owned by us. The portfolio includes one issued U.S. patent, which claims among other things, PRT1419 and other compounds, pharmaceutical compositions comprising PRT1419, and methods of using such compounds. The patent is expected to expire no earlier than November 8, 2039, subject to any disclaimers or extensions available under the Hatch-Waxman Act. A related PCT application was filed, and corresponding national phase applications were filed in Australia, Brazil, Canada, China, Eurasia, Europe, Hong Kong, India, Israel, Japan, Mexico, New Zealand, South Africa, South Korea, and Ukraine. Any patents resulting from these national patent applications, if issued, are expected to expire no earlier than November 08, 2039, subject to any disclaimers or extensions.

The portfolio also included one pending U.S. non-provisional patent application, which claims among other things, PRT1419 related compounds, pharmaceutical compositions comprising PRT1419 related compounds, and methods of using such compounds. Any patents issued from this application would be expected to expire no earlier than August 17, 2041, subject to any disclaimers or extensions.

PRT2527

Our PRT2527 patent portfolio, which is wholly owned by us, includes one U.S. non-provisional patent application and one PCT application claiming, among other things, PRT2527 and other compounds, pharmaceutical compositions comprising PRT2527, and methods of using PRT2527. Any patents that issue based upon these U.S. non-provisional and PCT applications would be expected to expire no earlier than 2040, subject to any disclaimers or extensions.

The PRT2527 patent portfolio also includes two pending U.S. provisional applications that relate to among other things, methods of inhibiting CDK9 using PRT2527 related compounds and methods of treating certain cancers. Any patents granted that claim priority to this provisional application could expire as late as 2041.

PRT3645

Our PRT3645 patent portfolio, which is wholly owned by us, includes two pending U.S. non-provisional patent applications and two corresponding PCT applications claiming, among other things, genera of compounds that encompass PRT3645 and other compounds, and/or related inhibitors, pharmaceutical compositions comprising those inhibitors, and methods of treating cancer with those inhibitors. Any patents issued from the U.S. patent applications would be expected to expire no earlier than September 21, 2041, and December 17, 2041, respectively, subject to any disclaimers or extensions available under the Hatch-Waxman Act.

The PRT3645 patent portfolio also includes two pending U.S. provisional applications that, among other things, encompass PRT3645 and/or related CDK inhibitors, pharmaceutical compositions comprising those inhibitors, and methods of treating cancer with those inhibitors. Any patents granted that claim priority to this provisional application could expire as late as 2042.

SMARCA2 Degraders

The SMARCA2 degrader patent portfolio includes two pending non-provisional U.S. applications and two corresponding PCT applications, which claim, among other things, genera of compounds that encompass SMARCA2 and/or related inhibitors, pharmaceutical compositions comprising those inhibitors, and methods of treating cancer with those inhibitors. Any patents issued from the U.S. patent applications would be expected to expire no earlier than June 09, 2041 and November 08, 2041, respectively, subject to any disclaimers or extensions available under the Hatch-Waxman Act.

The SMARCA2 patent portfolio also includes one pending U.S. provisional application that, among other things, encompass SMARCA2 and/or related inhibitors, pharmaceutical compositions comprising those inhibitors, and methods of treating cancer with those inhibitors. Any patents granted that claim priority to this provisional application could expire as late as 2042.

Other

In addition, we have patent portfolios that are directed to a number of different compounds other than PRT543, PRT811, PRT1419, PRT2527, PRT3645, SMARCA2 degraders, and CDK inhibitors. We have patent applications directed to compounds that target resistance mechanisms in cancer. We expect to maintain some of these applications in the United States and to also file in foreign countries.

In addition to the applications described above, we wholly-own 16 applications including U.S. provisional patent applications, U.S. non-provisional patent applications, and PCT applications, covering compositions and methods of making and using those compounds to treat cancer and other diseases.

The term of individual patents depends upon the legal term of the patents in the countries in which they are obtained. In the countries in which we file, the patent term is 20 years from the earliest non-provisional filing date, subject to any disclaimers or extensions. The term of a patent in the United States can be adjusted due to any failure of the United States Patent and Trademark Office following certain statutory and regulation deadlines for issuing a patent.

In the United States, the patent term of a patent that covers an FDA-approved drug may also be eligible for patent term extension, which permits patent term restoration as compensation for a portion of the patent term lost during the FDA regulatory review process. The Hatch-Waxman Act permits a patent term extension of up to five years beyond the original expiration of the patent. The protection provided by a patent varies from country to country, and is dependent on the type of patent granted, the scope of the patent claims, and the legal remedies available in a given country.

Obtaining patent protection is not the only method that we employ to protect our proprietary rights. We also utilize other forms of intellectual property protection, including trademark, copyright, and trade secrets, when those other forms are better suited to protect a particular aspect of our intellectual property. Our belief is that our proprietary rights are strengthened by our comprehensive approach to intellectual property protection. It is our policy to require our employees, consultants, outside scientific collaborators, sponsored researchers and other advisors to execute confidentiality agreements upon the commencement of employment or consulting relationships with us. These agreements provide that all confidential information concerning our business or financial affairs developed or made known to the individual during the course of the individual's relationship with us is to be kept confidential and not disclosed to third parties except in specific circumstances. In the case of employees, the agreements provide that all inventions conceived by the individual, and which are related to our current or planned business or research and development or made during normal working hours, on our premises or using our equipment or proprietary information, are our exclusive property.

Manufacturing

We do not own or operate, and currently have no plans to establish, any manufacturing facilities. We currently rely, and expect to continue to rely for the foreseeable future, on third parties for the manufacture of our product candidates for preclinical and clinical testing, including pharmaceutical ingredients and clinical drug supply, as well as for commercial manufacture of any drugs that we may commercialize. We obtain our supplies from these manufacturers on a purchase order basis and do not have long-term supply arrangements in place. We do not own in-house warehouse facilities. We rely on third parties for storage and distribution of drug substance and drug product. We do not currently have arrangements in place

for redundant supply for active pharmaceutical ingredients and drug product. As our development programs progress and we build new process efficiencies, we expect to continually evaluate this strategy with the objective of satisfying demand for registration trials and, if approved, the manufacture, sale and distribution of commercial products.

Commercialization

Given our stage of development, we have not yet established a commercial organization or distribution capabilities. If we are successful in obtaining necessary regulatory approval, we may pursue commercialization on our own or seek to collaborate with a third party for commercialization, particularly outside the United States.

The biotechnology and pharmaceutical industries are characterized by the rapid evolution of technologies and understanding of disease etiology, intense competition and a strong emphasis on intellectual property. We believe that our approach, strategy, scientific capabilities, know-how and experience provide us with competitive advantages. However, we expect substantial competition from multiple sources, including major pharmaceutical, specialty pharmaceutical, and existing or emerging biotechnology companies, academic research institutions and governmental agencies and public and private research institutions worldwide. Many of our competitors, either alone or through collaborations, 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. 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. As a result, our competitors may discover, develop, license or commercialize products before or more successfully than we do.

Competition

We face competition from segments of the pharmaceutical, biotechnology and other related markets that pursue the development of precision oncology therapies optimized to target the key driver mechanisms in cancers with high unmet need. Several biopharmaceutical companies, including Arvinas Inc., Aurigene, Black Diamond Therapeutics, Inc., Boehringer Ingelheim, C4 Therapeutics, Constellation Pharmaceuticals, Inc., Eli Lilly and Company, F. Hoffman-La Roche, Foghorn Therapeutics Inc., Fochon Pharmaceuticals, G1 Therapeutics Inc., Genentech, Kronos Bio, Inc., Kura Oncology, Inc., Kymera Therapeutics Inc., Mirati Therapeutics Inc., Nuvation Bio Inc. Repare Therapeutics Inc., Revolution Medicines, Inc., Relay Therapeutics, Inc., Springworks Therapeutics, Inc., Syndax Pharmaceuticals, Inc., and Zentalis Pharmaceuticals, Inc., are developing precision oncology medicines. In addition, we may face competition from companies developing product candidates that are based on targeting pathways of adaptive resistance, including Amgen Inc., AbbVie Inc., AstraZeneca plc, GlaxoSmithKline plc, Ideaya Biosciences, Johnson & Johnson Services, Inc., Pfizer Inc., Tango Therapeutics, Inc., Vincerx Pharma, Inc., Novartis AG, and Gilead Sciences, Inc.

Furthermore, we also face competition more broadly across the oncology market for cost-effective and reimbursable cancer treatments. The most common methods of treating patients with cancer are surgery, radiation and drug therapy, including chemotherapy, hormone therapy, biologic therapy, such as monoclonal and bispecific antibodies, immunotherapy, cell-based therapy and targeted therapy, or a combination of any such methods. There are a variety of available drug therapies marketed for cancer. In many cases, these drugs are administered in combination to enhance efficacy. While our product candidates, if any are approved, may compete with these existing drugs and other therapies, to the extent they are ultimately used in combination with or as an adjunct to these therapies, our product candidates may not be competitive with them. Some of these drugs are branded and subject to patent protection, and others are available on a generic basis. Insurers and other third-party payors may also encourage the use of generic products or specific branded products. As a result, obtaining market acceptance of, and gaining significant share of the market for, any of our product candidates that we successfully introduce to the market may pose challenges. In addition, many companies are developing new oncology therapeutics, and we cannot predict what the standard of care will be as our product candidates progress through clinical development.

With respect to our PRMT5 programs, PRT543 and PRT811, several companies are developing PRMT5 inhibitors with clinical trials ongoing, including Amgen (AMG193), GlaxoSmithKline (GSK3326595), Ideaya Biosciences (IDE397),

Johnson & Johnson (JNJ-64619178), Pfizer (PF-06939999), and Tango Therapeutics (TNG908). For our product candidate PRT1419, other companies are developing MCL1 inhibitors with monotherapy and/or combination trials ongoing, including Amgen (AMG176), AstraZeneca (AZD5991), Novartis (MIK665), and Gilead (GS-9716). For our CDK9 program, PRT2527, AstraZeneca (AZD4573), Vincerx (VIP512), and Kronos (KB-0742) have CDK9 programs in Phase 1 clinical trials. For our CDK4/6 inhibitor program, PRT3645 Novartis (ribociclib), Lilly (abemaciclib), Pfizer (palbociclib), G1 Therapeutics (G1T38), and Fochon Pharmaceuticals (FCN-437) have clinical trials ongoing. For our SMARCA 2 (BRM) degrader program, other companies, including Amgen, Aurigene, C4 Therapeutics, F. Hoffman-La Roche, Foghorn Therapeutics, Inc., Kymera Therapeutics, Arvinas, Genentech, Boehringer Ingelheim, and Lilly have publicly disclosed their pre-clinical research efforts.

We could see a reduction or elimination in our commercial opportunity if our competitors develop and commercialize drugs that are safer, more effective, have fewer or less severe side effects, are more convenient to administer, are less expensive or with more favorable labeling than our product candidates. Our competitors also may obtain FDA or other regulatory approval for their drugs more rapidly than we may obtain approval for ours, which could result in our competitors establishing a strong market position before we are able to enter the market. The key competitive factors affecting the success of all of our product candidates, if approved, are likely to be their efficacy, safety, convenience, price, the level of generic competition and the availability of reimbursement from government and other third-party payors.

Government Regulation

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

FDA Approval Process

In the United States, pharmaceutical products are subject to extensive regulation by the FDA, The Federal Food, Drug, and Cosmetic Act, or FD&C Act, and other federal and state statutes and regulations govern, among other things, the research, development, testing, manufacture, storage, recordkeeping, approval, labeling, promotion and marketing, distribution, post-approval monitoring and reporting, sampling and import and export of pharmaceutical products. Failure to comply with applicable U.S. requirements may subject a company to a variety of administrative or judicial sanctions, such as clinical hold, FDA refusal to approve pending NDAs, warning or untitled letters, product recalls, product seizures, total or partial suspension of production or distribution, injunctions, fines, civil penalties and criminal prosecution.

Pharmaceutical product development for a new product or certain changes to an approved product in the U.S. typically involves preclinical laboratory and animal tests, the submission to FDA of an investigational new drug application, or IND, which must become effective before clinical testing may commence, and adequate and well-controlled clinical trials to establish the safety and effectiveness of the drug for each indication for which FDA approval is sought. Satisfaction of FDA pre-market approval requirements typically takes many years and the actual time required may vary substantially based upon the type, complexity and novelty of the product or disease.

Preclinical tests include laboratory evaluation of product chemistry, formulation and toxicity, as well as animal trials to assess the characteristics and potential safety and efficacy of the product. The conduct of the preclinical tests must comply with federal regulations and requirements, including good laboratory practices. The results of preclinical testing are submitted to FDA as part of an IND along with other information, including information about product chemistry, manufacturing and controls, and a proposed clinical trial protocol. Long- term preclinical tests, such as animal tests of reproductive toxicity and carcinogenicity, may continue after the IND is submitted. A 30-day waiting period after the submission of each IND is required prior to the commencement of clinical testing in humans. If FDA has neither commented on nor questioned the IND within this 30-day period, the clinical trial proposed in the IND may begin. Clinical trials involve the administration of the investigational new drug to healthy volunteers or patients under the supervision of a qualified investigator. Clinical trials must be conducted: (i) in compliance with federal regulations; (ii) in compliance with good

clinical practice, or GCP, an international standard meant to protect the rights and health of patients and to define the roles of clinical trial sponsors, administrators and monitors; as well as (iii) under protocols detailing the objectives of the trial, the parameters to be used in monitoring safety and the effectiveness criteria to be evaluated. Each protocol involving testing on U.S. patients and subsequent protocol amendments must be submitted to FDA as part of the IND.

FDA may order the temporary, or permanent, discontinuation of a clinical trial at any time, or impose other sanctions, if it believes that the clinical trial either is not being conducted in accordance with FDA requirements or presents an unacceptable risk to the clinical trial patients. Imposition of a clinical hold may be full or partial. The study protocol and informed consent information for patients in clinical trials must also be submitted to an institutional review board, or IRB, and ethics committee for approval. The IRB will also monitor the clinical trial until completed. An IRB may also require the clinical trial at the site to be halted, either temporarily or permanently, for failure to comply with the IRB's requirements, or may impose other conditions. 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.

Clinical trials to support NDAs for marketing approval are typically conducted in three sequential phases, but the phases may overlap. In Phase 1, the initial introduction of the drug into healthy human subjects or patients, the drug is tested to assess metabolism, pharmacokinetics, pharmacological actions, side effects associated with increasing doses, and, if possible, early evidence of effectiveness. Phase 2 usually involves trials in a limited patient population to determine the effectiveness of the drug for a particular indication, dosage tolerance and optimum dosage, and to identify common adverse effects and safety risks. If a drug demonstrates evidence of effectiveness and an acceptable safety profile in Phase 2 evaluations, Phase 3 trials are undertaken to obtain the additional information about clinical efficacy and safety in a larger number of patients, typically at geographically dispersed clinical trial sites, to permit FDA to evaluate the overall benefit-risk relationship of the drug and to provide adequate information for the labeling of the drug. In most cases FDA requires two adequate and well-controlled Phase 3 clinical trials to demonstrate the efficacy of the drug. A single Phase 3 trial may be sufficient in rare instances, including (1) where the study is a large multicenter trial demonstrating internal consistency and a statistically very persuasive finding of a clinically meaningful effect on mortality, irreversible morbidity or prevention of a disease with a potentially serious outcome and confirmation of the result in a second trial would be practically or ethically impossible or (2) when in conjunction with other confirmatory evidence.

These Phases may overlap or be combined. For example, a Phase 1/2 clinical trial may contain both a dose- escalation stage and a dose-expansion stage, the latter of which may confirm tolerability at the recommended dose for expansion in future clinical trials (as in traditional Phase 1 clinical trials) and provide insight into the anti-tumor effects of the investigational therapy in selected subpopulation(s).

Typically, during the development of oncology therapies, all subjects enrolled in Phase 1 clinical trials are disease-affected patients and, as a result, considerably more information on clinical activity may be collected during such trials than during Phase 1 clinical trials for non-oncology therapies. A single pivotal trial may be sufficient in rare instances to provide substantial evidence of effectiveness (generally subject to the requirement of additional post-approval studies).

The manufacturer of an investigational drug in a Phase 2 or 3 clinical trial for a serious or life-threatening disease is required to make available, such as by posting on its website, its policy on evaluating and responding to requests for expanded access.

After completion of the required clinical testing, an NDA is prepared and submitted to FDA. FDA approval of the NDA is required before marketing of the product may begin in the U.S. The NDA must include the results of all preclinical, clinical and other testing and a compilation of data relating to the product's pharmacology, chemistry, manufacture and controls.

The cost of preparing and submitting an NDA is substantial. The submission of most NDAs is additionally subject to a substantial application user fee. 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 for products designated as orphan drugs, unless the product also includes a non-orphan indication. The applicant under an

approved NDA is also subject to annual program fees. The FDA adjusts the user fees on an annual basis, and the fees typically increase annually.

FDA reviews each submitted NDA before it determines whether to file it, based on the agency's threshold determination that it is sufficiently complete to permit substantive review, and FDA may request additional information. The FDA must make a decision on whether to file an NDA within 60 days of receipt, and such decision could include a refusal to file by the FDA. Once the submission is filed, FDA begins an in-depth review of the NDA. FDA has agreed to certain performance goals in the review of NDAs. Most applications for standard review drug products are reviewed within ten to twelve months; most applications for priority review drugs are reviewed in six to eight months. Priority review can be applied to drugs that FDA determines offer major advances in treatment or provide a treatment where no adequate therapy exists. The review process for both standard and priority review may be extended by FDA for three additional months to consider certain late- submitted information, or information intended to clarify information already provided in the submission. The FDA does not always meet its goal dates for standard and priority NDAs, and the review process can be extended by FDA requests for additional information or clarification.

FDA may also refer applications for novel drug products, or drug products that present difficult questions of safety or efficacy, to an outside 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. FDA is not bound by the recommendation of an advisory committee, but it generally follows such recommendations.

Before approving an NDA, FDA will conduct a pre-approval inspection of the manufacturing facilities for the new product to determine whether they comply with cGMP requirements. 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 typically inspects one or more clinical trial sites to ensure compliance with GCP requirements and the integrity of the data supporting safety and efficacy.

After FDA evaluates the NDA and the manufacturing facilities, it issues either an approval letter or a complete response letter. A complete response letter, or CRL, generally outlines the deficiencies in the submission and may require substantial additional testing, or information, in order for FDA to reconsider the application, such as additional clinical data, additional pivotal clinical trial(s), and/or other significant and time- consuming requirements related to clinical trials, preclinical studies or manufacturing. If a CRL is issued, the applicant may resubmit the NDA addressing all of the deficiencies identified in the letter, withdraw the application, engage in formal dispute resolution or request an opportunity for a hearing. FDA has committed to reviewing resubmissions in two or six months depending on the type of information included. Even if such data and information are submitted, the FDA may decide that the NDA does not satisfy the criteria for approval.

If, or when, the deficiencies identified in the CRL have been addressed to FDA's satisfaction in a resubmission of the NDA, FDA will issue an approval letter. An approval letter authorizes commercial marketing of the drug with specific prescribing information for specific indications. As a condition of NDA approval, FDA may require a risk evaluation and mitigation strategy, or REMS, to help ensure that the benefits of the drug outweigh the potential risks to patients. A REMS can include medication guides, communication plans for healthcare professionals, and elements to assure safe use, or ETASU. ETASU can include, but are not limited to, special training or certification for prescribing or dispensing, dispensing only under certain circumstances, special monitoring, and the use of patient registries. The requirement for a REMS can materially affect the potential market and profitability of the drug. Moreover, product approval may require substantial post-approval testing and surveillance to monitor the drug's safety or efficacy. Once granted, product approvals may be withdrawn if compliance with regulatory standards is not maintained or problems are identified following initial marketing.

Changes to some of the conditions established in an approved application, including changes in indications, labeling, or manufacturing processes or facilities, require submission and FDA approval of an NDA supplement or, in some case, a new NDA, before the change can be implemented. An NDA supplement for a new indication typically requires clinical data similar to that in the original application, and FDA uses the same procedures and actions in reviewing NDA supplements as it does in reviewing NDAs.

Disclosure of Clinical Trial Information

Sponsors of clinical trials of FDA regulated products, including drugs, are required to register and disclose certain clinical trial information. Information related to the product, patient population, phase of investigation, study sites and investigators, and other aspects of the clinical trial is then made public as part of the registration. Sponsors are also obligated to discuss the results of their clinical trials after completion. Disclosure of the results of these trials can be delayed in certain circumstances for up to two years after the date of completion of the trial. Competitors may use this publicly available information to gain knowledge regarding the progress of development programs.

Expedited Development and Review Programs

Fast Track Designation

Fast track designation may be granted for a product that is intended to treat a serious or life-threatening disease or condition for which there is no effective treatment and preclinical or clinical data demonstrate the potential to address unmet medical needs for the condition. The sponsor of an investigational drug product may request that FDA designate the product candidate for a specific indication as a fast track drug concurrent with, or after, the submission of the IND for the product candidate. FDA must determine if the product candidate qualifies for fast track designation within 60 days of receipt of the sponsor's request. For fast track products, sponsors may have greater interactions with the FDA and the FDA may initiate review of sections of a fast track product's NDA before the application is complete. This "rolling review" is available if the FDA determines, after preliminary evaluation of clinical data submitted by the sponsor, that a fast track product may be effective. The sponsor must also provide, and the FDA must approve, a schedule for the submission of the remaining information and the sponsor must pay applicable user fees. At the time of NDA filing, the FDA will determine whether to grant priority review designation. FDA will grant such designation if the proposed drug would be a significant improvement in the safety or effectiveness of the treatment, prevention, or diagnosis of a serious condition. Additionally, fast track designation may be withdrawn if FDA believes that the designation is no longer supported by data emerging in the clinical trial process.

Accelerated Approval

Accelerated approval may be granted for a product that is intended to treat a serious or life-threatening condition and that generally provides a meaningful therapeutic advantage to patients over existing treatments. A product eligible for accelerated approval may be approved on the basis of either 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, that is reasonably likely to predict an effect on irreversible morbidity or mortality or other clinical benefit, taking into account the severity, rarity or prevalence of the condition and the availability or lack of alternative treatments. The accelerated approval pathway is most often used in settings in which the course of a disease is long and an extended period of time is required to measure the intended clinical benefit of a product, even if the effect on the surrogate or intermediate clinical endpoint occurs rapidly. Thus, accelerated approval has been used extensively in the development and approval of products for treatment of a variety of cancers in which the goal of therapy is generally to improve survival or decrease morbidity and the duration of the typical disease course requires lengthy and sometimes large studies to demonstrate a clinical or survival benefit. The accelerated approval pathway is contingent on a sponsor's agreement to conduct additional post-approval confirmatory studies to verify and describe the product's clinical benefit. These confirmatory trials must be completed with due diligence and, in most cases, the FDA may require that the trial be designed, initiated, and/or fully enrolled prior to approval. Failure to conduct required post-approval studies, or to confirm a clinical benefit during post-marketing studies, would allow the FDA to withdraw the product from the market on an expedited basis. All promotional materials for product candidates approved under accelerated regulations are subject to prior review by the FDA.

Breakthrough Therapy Designation

FDA is also required to expedite the development and review of applications for approval of drugs that are intended to treat a serious or life-threatening disease or condition where preliminary clinical evidence indicates that the drug may demonstrate substantial improvement over existing therapies on one or more clinically significant endpoints. Under the breakthrough therapy program, the sponsor of a new product candidate may request that 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. FDA must determine if the product candidate qualifies for breakthrough therapy designation within 60 days of receipt of the sponsor's request. The FDA may take certain actions with respect to breakthrough therapies, including holding

meetings with the sponsor throughout the development process, providing timely advice to the product sponsor regarding development and approval, involving more senior staff in the review process, assigning a cross-disciplinary project lead for the review team and taking other steps to design the clinical studies in an efficient manner.

Orphan Drugs

Under the Orphan Drug Act, FDA may grant orphan drug designation to drugs 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 but for which there is no reasonable expectation that the cost of developing and making the product for this type of disease or condition will be recovered from sales of the product in the United States.

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

The first NDA applicant to receive FDA approval for a particular active moiety to treat a rare disease for which it has such designation is entitled to a seven-year exclusive marketing period in the U.S. for that product, for that indication. During the seven-year exclusivity period, FDA may not approve any other applications to market the same drug for the same disease, except in limited circumstances, such as a showing of clinical superiority to the product with orphan drug exclusivity by means of greater effectiveness, greater safety, or providing a major contribution to patient care, or in instances of drug supply issues. Orphan drug exclusivity does not prevent FDA from approving a different drug for the same disease or condition, or the same drug for a different disease or condition. Other benefits of orphan drug designation include tax credits for certain research and an exemption from the NDA user fee.

Pediatric Information

Under the Pediatric Research Equity Act, or PREA, NDAs or supplements to NDAs must contain data to assess the safety and effectiveness of the drug for the claimed indications in all relevant pediatric subpopulations and to support dosing and administration for each pediatric subpopulation for which the drug is safe and effective. FDA may grant full or partial waivers, or deferrals, for submission of data. Unless otherwise required by regulation, PREA does not apply to any drug for an indication for which orphan designation has been granted except that PREA will apply to an original NDA for a new active ingredient that is orphan-designated if the drug is a molecularly targeted cancer product intended for the treatment of an adult cancer and is directed at a molecular target that FDA determines to be substantially relevant to the growth or progression of a pediatric cancer.

The Best Pharmaceuticals for Children Act, or BPCA, provides NDA holders a six-month extension of any exclusivity—patent or nonpatent—for a drug if certain conditions are met. Conditions for exclusivity include FDA's determination that information relating to the use of a new drug in the pediatric population may produce health benefits in that population, FDA making a written request for pediatric studies, and the applicant agreeing to perform, and reporting on, the requested studies within the statutory timeframe. Applications under the BPCA are treated as priority applications, with all of the benefits that designation confers.

Post-Approval Requirements

Once an NDA is approved, a product will be subject to certain post-approval requirements. For instance, FDA closely regulates the post-approval marketing and promotion of drugs, including standards and regulations for direct-to-consumer advertising, off-label promotion, industry-sponsored scientific and educational activities and promotional activities involving the internet. Drugs may be marketed only for the approved indications and in a manner consistent with the approved labeling.

Adverse event reporting and submission of periodic reports are required following FDA approval of an NDA. FDA also may require post-marketing testing, known as Phase 4 testing, risk evaluation and mitigation strategies, or REMS, and surveillance to monitor the effects of an approved product, or FDA may place conditions on an approval that could restrict the distribution or use of the product. In addition, quality control, drug manufacture, packaging and labeling procedures must continue to conform to cGMPs after approval. Drug manufacturers and certain of their subcontractors are required to register their establishments with FDA and certain state agencies. Registration with FDA subjects entities to

periodic unannounced inspections by FDA, during which the Agency inspects manufacturing facilities to assess compliance with cGMPs. Accordingly, manufacturers must continue to expend time, money and effort in the areas of production and quality-control to maintain compliance with cGMPs. Regulatory authorities may withdraw product approvals or request product recalls if a company fails to comply with regulatory standards, if it encounters problems following initial marketing, or if previously unrecognized problems are subsequently discovered.

The Hatch-Waxman Amendments

Orange Book Listing

Under the Drug Price Competition and Patent Term Restoration Act of 1984, commonly referred to as the Hatch Waxman Amendments, NDA applicants are required to identify to FDA each patent whose claims cover the applicant's drug or approved method of using the drug. Upon approval of a drug, the applicant must update its listing of patents to the NDA in timely fashion and each of the patents listed in the application for the drug is then published in the FDA's Approved Drug Products with Therapeutic Equivalence Evaluations, commonly known as the Orange Book.

Drugs listed in the Orange Book can, in turn, be cited by potential generic competitors in support of approval of an abbreviated new drug application, or ANDA. An ANDA provides for marketing of a drug product that has the same active ingredient(s), strength, route of administration, and dosage form as the listed drug and has been shown through bioequivalence testing to be therapeutically equivalent to the listed drug. An approved ANDA product is considered to be therapeutically equivalent to the listed drug. Other than the requirement for bioequivalence testing, ANDA applicants are not required to conduct, or submit results of, pre-clinical or clinical tests to prove the safety or effectiveness of their drug product. Drugs approved under the ANDA pathway are commonly referred to as "generic equivalents" to the listed drug and can often be substituted by pharmacists under prescriptions written for the original listed drug pursuant to each state's laws on drug substitution.

The ANDA applicant is required to certify to the FDA concerning any patents identified for the reference listed drug in the Orange Book. Specifically, the applicant must certify to each patent in one of the following ways: (i) the required patent information has not been filed; (ii) the listed patent has expired; (iii) the listed patent has not expired but will expire on a particular date and approval is sought after patent expiration; or (iv) the listed patent is invalid or will not be infringed by the new product. A certification that the new product will not infringe the already approved product's listed patents, or that such patents are invalid, is called a Paragraph IV certification. For patents listed that claim an approved method of use, under certain circumstances the ANDA applicant may also elect to submit a section viii statement certifying that its proposed ANDA label does not contain (or carves out) any language regarding the patented method-of-use rather than certify to a listed method- of-use patent. If the applicant does not challenge the listed patents through a Paragraph IV certification, the ANDA application will not be approved until all the listed patents claiming the referenced product have expired. If the ANDA applicant has provided a Paragraph IV certification to the FDA, the applicant must also send notice of the Paragraph IV certification to the NDA-holder and patentee(s) once the ANDA has been accepted for filing by the FDA (referred to as the "notice letter"). The NDA and patent holders may then initiate a patent infringement lawsuit in response to the notice letter. The filing of a patent infringement lawsuit within 45 days of the receipt of a Paragraph IV certification automatically prevents the FDA from approving the ANDA until the earlier of 30 months from the date the notice letter is received, expiration of the patent, the date of a settlement order or consent decree signed and entered by the court stating that the patent that is the subject of the certification is invalid or not infringed, or a decision in the patent case that is favorable to the ANDA applicant.

The ANDA application also will not be approved until any applicable non-patent exclusivity listed in the Orange Book for the referenced product has expired. In some instances, an ANDA applicant may receive approval prior to expiration of certain non-patent exclusivity if the applicant seeks, and FDA permits, the omission of such exclusivity-protected information from the ANDA prescribing information.

Exclusivity

Upon NDA approval of a new chemical entity, or NCE, which is a drug that contains no active moiety that has been approved by FDA in any other NDA, that drug receives five years of marketing exclusivity during which FDA cannot receive any ANDA seeking approval of a generic version of that drug unless the application contains a Paragraph IV certification, in which case the application may be submitted one year prior to expiration of the NCE exclusivity. If there

is no listed patent in the Orange Book, there may not be a Paragraph IV certification, and, thus, no ANDA for a generic version of the drug may be filed before the expiration of the exclusivity period.

Certain changes to an approved drug, such as the approval of a new indication, the approval of a new strength, and the approval of a new condition of use, are associated with a three-year period of exclusivity from the date of approval during which FDA cannot approve an ANDA for a generic drug that includes the change. In some instances, an ANDA applicant may receive approval prior to expiration of the three-year exclusivity if the applicant seeks, and FDA permits, the omission of such exclusivity-protected information from the ANDA package insert.

Patent Term Extension

The Hatch Waxman Amendments permit a patent term extension as compensation for patent term lost during the FDA regulatory review process. Patent term extension, however, cannot extend the remaining term of a patent beyond a total of 14 years from the product's approval date. After NDA approval, owners of relevant drug patents may apply for the extension. The allowable patent term extension is calculated as half of the drug's testing phase (the time between IND application and NDA submission) and all of the review phase (the time between NDA submission and approval) up to a maximum of five years. The time can be reduced for any time FDA determines that the applicant did not pursue approval with due diligence.

The United States Patent and Trademark Office, or USPTO, in consultation with the FDA, reviews and approves the application for any patent term extension or restoration. However, the USPTO may not grant an extension 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 requested.

The total patent term after the extension may not exceed 14 years, and only one patent can be extended. The application for the extension must be submitted prior to the expiration of the patent, and for patents that might expire during the application phase, the patent owner may request an interim patent extension. An interim patent extension increases the patent term by one year and may be renewed up to four times. For each interim patent extension granted, the post-approval patent extension is reduced by one year. The director of the USPTO must determine that approval of the drug covered by the patent for which a patent extension is being sought is likely. Interim patent extensions are not available for a drug for which an NDA has not been submitted.

FDA Regulation of Companion Diagnostics

If use of an in vitro diagnostic is essential to safe and effective use of a drug product, then the FDA generally will require approval or clearance of the diagnostic, known as a companion diagnostic, at the same time that the FDA approves the drug product. FDA has generally required in vitro companion diagnostics intended to select the patients who will respond to cancer treatment to obtain a pre-market approval, or PMA, for that diagnostic simultaneously with approval of the drug. The review of these in vitro companion diagnostics in conjunction with the review of a cancer therapeutic involves coordination of review by the FDA's Center for Drug Evaluation and Research and by the FDA's Center for Devices and Radiological Health. Approval and clearance of a companion diagnostic also requires a high level of coordination between the drug manufacturer and device manufacturer, if different companies.

The PMA process, including the gathering of clinical and preclinical data and the submission to and review by the FDA, can take several years or longer. It involves a rigorous premarket review during which the applicant must prepare and provide the FDA with reasonable assurance of the device's safety and effectiveness and information about the device and its components regarding, among other things, device design, manufacturing and labeling. PMA applications are subject to a substantial application fee, which is typically increased annually.

In addition, PMAs must generally include the results from extensive preclinical and adequate and well-controlled clinical trials to establish the safety and effectiveness of the device for each indication for which FDA approval is sought. In particular, for a diagnostic, the applicant must demonstrate that the diagnostic has adequate sensitivity and specificity, has adequate specimen and reagent stability, and produces reproducible results when the same sample is tested multiple times by multiple users at multiple laboratories. As part of the PMA review, the FDA will typically inspect the manufacturer's

facilities for compliance with the Quality System Regulation, or QSR, which imposes elaborate testing, control, documentation and other quality assurance requirements.

PMA approval is not guaranteed, and the FDA may ultimately respond to a PMA submission with a not approvable determination based on deficiencies in the application and require additional clinical trial or other data that may be expensive and time-consuming to generate and that can substantially delay approval. If the FDA's evaluation of the PMA application is favorable, the FDA typically issues an approvable letter requiring the applicant's agreement to specific conditions, such as changes in labeling, or specific additional information, such as submission of final labeling, in order to secure final approval of the PMA. If the FDA concludes that the applicable criteria have been met, the FDA will issue a PMA for the approved indications, which can be more limited than those originally sought by the applicant. The PMA can include post-approval conditions that the FDA believes necessary to ensure the safety and effectiveness of the device, including, among other things, restrictions on labeling, promotion, sale and distribution.

After a device is placed on the market, it remains subject to significant regulatory requirements. Medical devices may be marketed only for the uses and indications for which they are cleared or approved. Device manufacturers must also register their establishment(s), including payment of an annual establishment registration fee, and list their device(s) with the FDA. A medical device manufacturer's manufacturing processes and those of its suppliers are required to comply with the applicable portions of the QSR, which cover the methods and documentation of the design, testing, production, processes, controls, quality assurance, labeling, packaging and shipping of medical devices. Domestic facility records and manufacturing processes are subject to periodic unscheduled inspections by the FDA. The FDA also may inspect foreign facilities that export products to the United States.

Other Healthcare Laws

In addition to FDA restrictions on marketing of pharmaceutical products, several other types of state and federal laws have been applied to restrict certain general business and marketing practices in the pharmaceutical industry. These laws include anti-kickback, false claims, transparency and health information privacy laws and other healthcare laws and regulations.

The federal Anti-Kickback Statute prohibits, among other things, knowingly and willfully offering, paying, soliciting or receiving remuneration to induce, or in return for, purchasing, leasing, ordering or arranging for the purchase, lease or order of any healthcare item or service reimbursable under Medicare, Medicaid, or other federally financed healthcare programs. The Patient Protection and Affordable Care Act as amended by the Health Care and Education Reconciliation Act, collectively, the ACA, amended the intent element of the federal statute so that a person or entity no longer needs to have actual knowledge of the statute or specific intent to violate it in order to commit a violation. This statute has been interpreted to apply to arrangements between pharmaceutical manufacturers on the one hand and prescribers, purchasers and formulary managers, among others, on the other. Although there are a number of statutory exceptions and regulatory safe harbors protecting certain common activities from prosecution or other regulatory sanctions, the exceptions and safe harbors are drawn narrowly, and practices that involve remuneration intended to induce prescribing, purchases or recommendations may be subject to scrutiny if they do not qualify for an exception or safe harbor. Additionally, the ACA amended the federal Anti-Kickback Statute such that a violation of that statute can serve as a basis for liability under the federal civil False Claims Act.

Federal civil and criminal false claims laws, including the federal civil False Claims Act, prohibit any person or entity from knowingly presenting, or causing to be presented, a false claim for payment to the federal government, or knowingly making, or causing to be made, a false statement to have a false claim paid. This includes claims made to programs where the federal government reimburses, such as Medicare and Medicaid, as well as programs where the federal government is a direct purchaser, such as when it purchases off the Federal Supply Schedule. Pharmaceutical and other healthcare companies have been prosecuted under these laws for, among other things, allegedly inflating drug prices they report to pricing services, which in turn were used by the government to set Medicare and Medicaid reimbursement rates, and for allegedly providing free product to customers with the expectation that the customers would bill federal programs for the product. In addition, certain marketing practices, including off-label promotion, may also violate false claims laws. Most states also have statutes or regulations similar to the federal Anti-Kickback Statute and civil False Claims Act, which apply to items and services reimbursed under Medicaid and other state programs, or, in several states, apply regardless of the payor.

Other federal statutes pertaining to healthcare fraud and abuse include the civil monetary penalties statute, which prohibits, among other things, the offer or payment of remuneration to a Medicaid or Medicare beneficiary that the offeror or payor knows or should know is likely to influence the beneficiary to order a receive a reimbursable item or service from a particular supplier, and the additional federal criminal statutes created by the Health Insurance Portability and Accountability Act of 1996, or HIPAA, which prohibits, among other things, 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 money or property owned by or under the control of any healthcare benefit program in connection with the delivery of or payment for healthcare benefits, items or services.

In addition, HIPAA, as amended by the Health Information Technology for Economic and Clinical Health Act of 2009, or HITECH, and their respective implementing regulations, including the Final Omnibus Rule published on January 25, 2013, impose obligations on certain healthcare providers, health plans, and healthcare clearinghouses, known as covered entities, as well as their business associates and their subcontractors that perform certain services involving the storage, use or disclosure of individually identifiable health information, including mandatory contractual terms, with respect to safeguarding the privacy, security, and transmission of individually identifiable health information, and require notification to affected individuals and regulatory authorities of certain breaches of security of individually identifiable health information. HITECH increased the civil and criminal penalties that may be imposed against covered entities, business associates and possibly other persons, and gave state attorneys general new authority to file civil actions for damages or injunctions in federal courts to enforce the federal HIPAA laws and seek attorney's fees and costs associated with pursuing federal civil actions. In addition, many state laws govern the privacy and security of health information in certain circumstances, many of which differ from each other in significant ways and may not have the same effect, and often are not pre-empted by HIPAA.

Further, pursuant to the ACA, the Centers for Medicare & Medicaid Services, or CMS, has issued a final rule that requires certain manufacturers of prescription drugs to collect and annually report information on certain payments or transfers of value to physicians, as defined by such law, and teaching hospitals, as well as ownership and investment interests held by physicians and their immediate family members. The reported data is made available in searchable form on a public website on an annual basis. Failure to submit required information may result in civil monetary penalties. Beginning calendar year 2021, manufacturers must collect information regarding payments and other transfers of value to physician assistants, nurse practitioners, clinical nurse specialists, certified registered nurse anesthetists, anesthesiologist assistants and certified nurse- midwives for reporting in 2022. The reported information is made publicly available on a searchable website.

We may also be subject to analogous state and foreign anti-kickback and false claims laws that may apply to sales or marketing arrangements and claims involving healthcare items or services reimbursed by non- governmental third party payors, including private insurers, or that apply regardless of payor. In addition, several states now require prescription drug companies to report certain expenses relating to the marketing and promotion of drug products and to report gifts and payments to individual healthcare practitioners in these states. Other states prohibit various marketing-related activities, such as the provision of certain kinds of gifts or meals.

Still other states require the posting of information relating to clinical studies and their outcomes. Some states require the reporting of certain drug pricing information, including information pertaining to and justifying price increases. In addition, certain states require pharmaceutical companies to implement compliance programs and/or marketing codes. Several additional states are considering similar proposals. Certain states and local jurisdictions also require the registration of pharmaceutical sales representatives. Compliance with these laws is difficult and time consuming, and companies that do not comply with these state laws face civil penalties. Additionally, we may also be subject to state and foreign laws governing the privacy and security of health information in some circumstances, many of which differ from each other in significant ways and often are not preempted by HIPAA, thus complicating compliance efforts.

Efforts to ensure that business arrangements with third parties comply with applicable healthcare laws and regulations involve substantial costs. If a drug company's operations are found to be in violation of any such requirements, it may be subject to significant penalties, including civil, criminal and administrative penalties, damages, fines, disgorgement, imprisonment, the curtailment or restructuring of its operations, loss of eligibility to obtain approvals from the FDA, exclusion from participation in government contracting, healthcare reimbursement or other federal or state government healthcare programs, including Medicare and Medicaid, integrity oversight and reporting obligations, imprisonment, and reputational harm. Although effective compliance programs can mitigate the risk of investigation and prosecution for

violations of these laws, these risks cannot be entirely eliminated. Any action for an alleged or suspected violation can cause a drug company to incur significant legal expenses and divert management's attention from the operation of the business, even if such action is successfully defended.

U.S. Healthcare Reform

In the United States there have been, and continue to be, proposals by the federal government, state governments, regulators and third-party payors to control or manage the increased costs of health care and, more generally, to reform the U.S. healthcare system. The pharmaceutical industry has been a particular focus of these efforts and has been significantly affected by major legislative initiatives For example, in March 2010, the ACA was enacted, which intended to broaden access to health insurance, reduce or constrain the growth of healthcare spending, enhance remedies against fraud and abuse, add new transparency requirements for the healthcare and health insurance industries, impose new taxes and fees on the health industry and impose additional health policy reforms, substantially changed the way healthcare is financed by both governmental and private insurers, and significantly impacts the U.S. pharmaceutical industry. The ACA, among other things, (i) subjected therapeutic biologics to potential competition by lower-cost biosimilars by creating a licensure framework for follow-on biologic products, (ii) proscribed a new methodology by which rebates owed by manufacturers under the Medicaid Drug Rebate Program are calculated for drugs and therapeutic biologics that are inhaled, infused, instilled, implanted or injected, (iii) increased the minimum Medicaid rebates owed by manufacturers under the Medicaid Drug Rebate Program and extended the rebate program to individuals enrolled in Medicaid managed care organizations, (iv) established annual nondeductible fees and taxes on manufacturers of certain branded prescription drugs and therapeutic biologics, apportioned among these entities according to their market share in certain government healthcare programs (v) established a new Medicare Part D coverage gap discount program, in which manufacturers must agree to offer 50% (now 70%) point of-sale discounts off negotiated prices of applicable brand drugs and therapeutic biologics to eligible beneficiaries during their coverage gap period, as a condition for the manufacturer's outpatient drugs and therapeutic biologics to be covered under Medicare Part D, (vi) expanded eligibility criteria for Medicaid programs by, among other things, allowing states to offer Medicaid coverage to additional individuals and by adding new mandatory eligibility categories for individuals with income at or below 133% of the federal poverty level, thereby potentially increasing manufacturers' Medicaid rebate liability, (vii) expanded the entities eligible for discounts under the Public Health program (viii) created a new Patient-Centered Outcomes Research Institute to oversee, identify priorities in, and conduct comparative clinical effectiveness research, along with funding for such research, and (ix) established a Center for Medicare and Medicaid Innovation at CMS to test innovative payment and service delivery models to lower Medicare and Medicaid spending, potentially including prescription drug spending.

There have been legislative and judicial efforts to modify, repeal, or otherwise invalidate all, or certain provisions of, the ACA, including measures taken during the Trump administration. The Tax Cuts and Jobs Act of 2017, or the Tax Reform Act, among other things, included a provision that repealed, effective January 1, 2019, the tax-based shared responsibility payment imposed by the ACA on certain individuals who fail to maintain qualifying health coverage for all or part of a year that is commonly referred to as the "individual mandate." In November 2020, the United States Supreme Court held oral arguments on the U.S. Court of Appeals for the Fifth Circuit's decision that held that the individual mandate is unconstitutional. It is uncertain how the United States Supreme court will rule on this case or how healthcare measures of the Biden administration will impact the ACA and our business. Additionally, the 2020 federal spending package permanently eliminated, effective January 1, 2020, the ACA-mandated "Cadillac" tax on high-cost employer-sponsored health coverage and medical device tax and, effective January 1, 2021, also eliminates the health insurer tax. Further, the Bipartisan Budget Act of 2018, or the BBA, among other things, amended the ACA, effective January 1, 2019, to increase from 50% to 70% the point-of-sale discount that is owed by pharmaceutical manufacturers who participate in Medicare Part D and to close the coverage gap in most Medicare drug plans, commonly referred to as the "donut hole." In addition, CMS published a final rule that would give states greater flexibility, effective January 1, 2020, in setting benchmarks for insurers in the individual and small group marketplaces, which may have the effect of relaxing the essential health benefits required under the ACA for plans sold through such marketplaces. We cannot predict the ultimate content, timing or effect of any healthcare reform legislation or the impact of potential legislation on us.

Other legislative changes have been proposed and adopted in the United States since the ACA was enacted to reduce healthcare expenditures. United States federal government agencies also currently face potentially significant spending reductions, which may further impact healthcare expenditures. On August 2, 2011, the Budget Control Act of 2011 among other things, created measures for spending reductions by Congress. A Joint Select Committee on Deficit Reduction,

tasked with recommending a targeted deficit reduction of at least $1.2 trillion for the years 2013 through 2021, was unable to reach required goals, thereby triggering the legislation's automatic reduction to several government programs. This includes aggregate reductions of Medicare payments to providers of 2% per fiscal year. These reductions went into effect on April 1, 2013 and, due to subsequent legislative amendments to the statute, including the BBA, will remain in effect through 2030 unless additional Congressional action is taken. The CARES Act, which was signed into law in March 2020 and is designed to provide financial support and resources to individuals and businesses affected by the COVID-19 pandemic, suspended the 2% Medicare sequester from May 1, 2020 through December 31, 2020, and extended the sequester by one year, through 2030. The Consolidated Appropriations Act, 2021 extended the suspension of the 2% Medicare sequester through March 31, 2021. Moreover, on January 2, 2013, the American Taxpayer Relief Act of 2012 was signed into law, which, among other things, further reduced Medicare payments to several types of providers, including hospitals, imaging centers and cancer treatment centers, and increased the statute of limitations period for the government to recover overpayments to providers from three to five years. If federal spending is further reduced, anticipated budgetary shortfalls may also impact the ability of relevant agencies, such as the FDA or the National Institutes of Health to continue to function at current levels. Amounts allocated to federal grants and contracts may be reduced or eliminated. These reductions may also impact the ability of relevant agencies to timely review and approve research and development, manufacturing, and marketing activities, which may delay our ability to develop, market and sell any products we may develop.

Recently, there has been heightened governmental scrutiny over the manner in which manufacturers set prices for their marketed products, which has resulted in several Congressional inquiries and proposed and enacted federal and state legislation designed to, among other things, bring more transparency to product pricing, review the relationship between pricing and manufacturer patient programs, and reform government program reimbursement methodologies for drug products. At the federal level, the Trump administration's budget proposal for fiscal year 2021 included a $135 billion allowance to support legislative proposals seeking to reduce drug prices, increase competition, lower out-of-pocket drug costs for patients, and increase patient access to lower-cost generic and biosimilar drugs.

In particular, July 24, 2020 and September 13, 2020, the Trump administration announced several executive orders related to prescription drug pricing that seek to implement several of the administration's proposals. As a result, the FDA also released a final rule on September 24, 2020 providing guidance for states to build and submit importation plans for drugs from Canada. The Trump and Biden administrations both issued executive orders intended to favor government procurement from domestic manufacturers. In addition, the Trump administration issued an executive order specifically aimed at the procurement of pharmaceutical products, which instructed the federal government to develop a list of "essential" medicines and then buy those and other medical supplies that are manufactured, including the manufacture of the API, in the United States. It is unclear whether this executive order or something similar will be implemented by the Biden Administration.

Further, on November 20, 2020, HHS finalized a regulation removing safe harbor protection for price reductions from pharmaceutical manufacturers to plan sponsors under Part D, either directly or through pharmacy benefit managers, unless the price reduction is required by law. The rule also creates a new safe harbor for price reductions reflected at the point-of-sale, as well as a safe harbor for certain fixed fee arrangements between pharmacy benefit managers and manufacturers. CMS also published an interim final rule that establishes an MFN Model for Medicare Part B drug payment. This regulation would substantially change the drug reimbursement landscape as it bases Medicare Part B payment for 50 selected drugs on prices in foreign countries instead of ASP and establishes a fixed add-on payment in place of the current 6 percent (4.3 percent after sequestration) of ASP. The MFN drug payment amount is expected to be lower than the current ASP-based limit because U.S. drug prices are generally the highest in the world. On December 28, 2020, the United States District Court in Northern California issued a nationwide preliminary injunction against implementation of the interim final rule, and it faces uncertain prospects for implementation.

At the state level, legislatures are increasingly passing legislation and implementing regulations designed to control pharmaceutical and biological product pricing, including price or patient reimbursement constraints, discounts, restrictions on certain product access and marketing cost disclosure and transparency measures, and, in most cases, designed to encourage importation from other countries and bulk purchasing.

It is possible that additional governmental action is taken to address the COVID-19 pandemic. For example, on April 18, 2020, CMS announced that qualified health plan issuers under the ACA may suspend activities related to the collection and reporting of quality data that would have otherwise been reported between May and June 2020 given the challenges healthcare providers are facing responding to the COVID-19 virus.

Additionally, on May 30, 2018, the Trickett Wendler, Frank Mongiello, Jordan McLinn, and Matthew Bellina Right to Try Act of 2017 was signed into law. The law, among other things, provides a federal framework for certain patients to access certain investigational new drug products that have completed a Phase I clinical trial and that are undergoing investigation for FDA approval. Under certain circumstances, eligible patients can seek treatment without enrolling in clinical trials and without obtaining FDA authorization under an FDA expanded access program; however, manufacturers are not obligated to provide investigational new drug products under the current federal right to try law.

Coverage and Reimbursement

Patients in the United States and elsewhere generally rely on third-party payors to reimburse part or all of the costs associated with their prescription drugs. Accordingly, market acceptance of our drug products is dependent on the extent to which third-party coverage and reimbursement is available from government health administration authorities (including in connection with government healthcare programs, such as Medicare and Medicaid in the United States), private healthcare insurers and other healthcare funding organizations. Significant uncertainty exists as to the coverage and reimbursement status of any drug products for which we may obtain regulatory approval. Coverage decisions may not favor new drug products when more established or lower-cost therapeutic alternatives are already available. Patients are unlikely to use our products unless reimbursement is adequate to cover all or a significant portion of the cost of our drug products.

Coverage and reimbursement policies for drug products can differ significantly from payor to payor as there is no uniform policy of coverage and reimbursement for drug products among third-party payors in the United States. There may be significant delays in obtaining coverage and reimbursement as the process of determining coverage and reimbursement is often time-consuming and costly which will require us to provide scientific and clinical support for the use of our products to each payor separately, with no assurance that coverage or adequate reimbursement will be obtained. It is difficult to predict at this time what government authorities and third-party payors will decide with respect to coverage and reimbursement for our drug products. Additionally, we may develop, either by ourselves or with collaborators, companion diagnostic tests for our product candidates for certain indications. We, or our collaborators, if any, will be required to obtain coverage and reimbursement for these tests separate and apart from the coverage and reimbursement we seek for our product candidates, once approved.

The market for our product candidates will depend significantly on access to third-party payors' drug formularies or lists of medications for which third-party payors provide coverage and reimbursement. Competition to be included in such formularies often leads to downward pricing pressures. In particular, third- party payors may refuse to include a particular reference listed drug in their formularies or otherwise restrict patient access to a reference listed drug when a less costly generic equivalent or other alternative is available.

The U.S. government, state legislatures and foreign governmental entities 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 coverage and requirements for substitution of generic products for branded prescription drugs. Adoption of government controls and measures, and tightening of restrictive policies in jurisdictions with existing controls and measures, could exclude or limit our drugs products from coverage and limit payments for pharmaceuticals.

In addition, we expect that the increased emphasis on managed care and cost containment measures in the United States by third-party payors and government authorities to continue and will place pressure on pharmaceutical pricing and coverage. 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 drug products for which we receive regulatory approval, less favorable coverage policies and reimbursement rates may be implemented in the future.

Human Capital

Employees

As of December 31, 2021, we had 116 full-time employees. Women represent approximately 45% of our employees with approximately 37% holding senior management level/leadership roles. Of these employees, 30 have an M.D. or a Ph.D. From time to time, we also retain independent contractors to support our organization. None of our employees are represented by a labor union or covered by collective bargaining agreements, and we believe our relationship with our employees is good.

Diversity & Inclusion

We are committed to creating and maintaining a workplace free from discrimination or harassment on the basis of color, race, sex, national origin, ethnicity, religion, age, disability, sexual orientation, gender identification or expression or any other status protected by applicable law. Our management team and employees are expected to exhibit and promote honest, ethical and respectful conduct in the workplace. All of our employees must adhere to a code of conduct that sets standards for appropriate behavior and are required to attend annual training to help prevent, identify, report and stop any type of discrimination and harassment. Our recruitment, hiring, development, training, compensation, and advancement at our company is based on qualifications, performance, skills and experience without regard to gender, race and ethnicity.

Competitive Pay & Benefits

We strive to provide pay, comprehensive benefits and services that help meet the varying needs of our employees. Our total rewards package includes competitive pay; comprehensive healthcare benefits package for employees, with family member healthcare benefits covered at 80%; a health savings account with company contribution; 20 days of paid time off and paid holidays; family medical leave and flexible work schedules. In addition, we offer every full-time employee, both exempt and non-exempt, the benefit of equity ownership in the company through stock option grants and our employee stock purchase plan. We sponsor a 401(k) plan that includes a discretionary matching contribution.

Employee Development & Training

We focus on attracting, retaining, and cultivating talented individuals. We emphasize employee development and training by providing access to a wide range of online and instructor led development and continual learning programs. Employees are encouraged to attend scientific, clinical and technological meetings and conferences and have access to broad resources they need to be successful.

Safety

The safety, health and wellness of our employees is a top priority. In response to the COVID-19 pandemic, we have implemented a safety protocols including shift work scheduling to reduce number of people in the facility, requirements for the wearing of masks and for social distancing, increased cleaning procedures and readily available hand sanitizer. These protocols are designed to comply with health and safety standards as required by federal, state and local government agencies, taking into consideration guidelines of the Centers for Disease Control and Prevention and other public health authorities. In addition, we have provided work-at-home arrangements for employees who are able to do so.

Corporate Information

We were incorporated under the laws of the State of Delaware in February 2016. Our principal executive offices are located at 200 Powder Mill Road, Wilmington, DE 19803, and our telephone number is (302) 467-1280. Our website address is www.preludetx.com. The information contained on, or that can be accessed through, our website is not part of, and is not incorporated by reference into, this prospectus. Investors should not rely on any such information in deciding whether to purchase our common stock.

The mark “Prelude Therapeutics,” the Prelude logo and all product names are our common law trademarks. All other service marks, trademarks and trade names appearing in this Annual Report on Form 10-K are the property of their respective owners. Solely for convenience, the trademarks and tradenames referred to in this Annual Report on Form 10-K appear

without the ® and ™ symbols, but those 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 right of the applicable licensor to these trademarks and tradenames.

Available Information

We make available free of charge electronic versions of our Annual Report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and amendments to those reports on our website, preludetx.com, as soon as reasonably practicable after we electronically file or furnish such materials to the Securities and Exchange Commission, or SEC. The reports are also available at www.sec.gov.

Item 1A. Risk Factors

RISK FACTORS

Investing in our common stock involves a high degree of risk. Before making your decision to invest in shares of our common stock, you should carefully consider the risks and uncertainties described below, together with the other information contained in this Annual Report on Form 10-K, including our financial statements and the related notes and "Management's Discussion and Analysis of Financial Condition and Results of Operations". The risks and uncertainties described below are not the only ones we face. Additional risks and uncertainties that we are unaware of, or that we currently believe are not material, may also become important factors that affect us. We cannot assure you that any of the events discussed below will not occur. These events could have a material and adverse impact on our business, financial condition, results of operations and prospects. If that were to happen, the trading price of our common stock could decline, and you could lose all or part of your investment.

Summary of Risk Factors

Our business is subject to several risks and uncertainties, including those immediately following this summary. Some of these risks are:

- We have a limited operating history, which may make it difficult to evaluate the success of our business to date and to assess our future viability. We have incurred significant operating losses since our inception and have not generated any revenue. We expect to incur continued losses for the foreseeable future and may never achieve or maintain profitability. Our ability to use our net operating loss carryforwards and certain other tax attributes may be limited.

- We will require substantial additional funding to pursue our business objectives. If we are unable to raise capital when needed or on terms acceptable to us, we could be forced to delay, reduce or eliminate our research or drug development programs, any future commercialization efforts or other operations.

- We are highly dependent on the success of our product candidates, PRT543, PRT811, PRT1419 and PRT2527, which are in early clinical development. We have not completed successful late-stage pivotal clinical trials or obtained regulatory approval for any product candidate. We may never obtain approval for any of our product candidates or achieve or sustain profitability.

- We may incur additional costs or experience delays in completing, or ultimately be unable to complete the development and/or commercialization of PRT543, PRT811, PRT1419, PRT2527 or our other product candidates.

- If we experience delays or difficulties in enrolling patients in our ongoing or planned clinical trials, our receipt of necessary regulatory approval could be delayed or prevented.

- The COVID-19 pandemic could adversely impact our business, including our clinical trials and clinical trial operations.

- Adverse side effects or other safety risks associated with PRT543, PRT811, PRT1419, PRT2527 or our other product candidates could delay or preclude approval, cause us to suspend or discontinue clinical trials or abandon further development, limit the commercial profile of an approved product, or result in significant negative consequences following marketing approval, if any.

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

- Health care policy changes, including U.S. health care reform legislation, may have a material adverse effect on our business.

- We rely, and intend to continue to rely, on third parties to conduct our clinical trials and perform some of our research and preclinical studies. If these third parties do not satisfactorily carry out their contractual duties, fail to comply with applicable regulatory requirements or do not meet expected deadlines, our development programs may be delayed or subject to increased costs or we may be unable to obtain regulatory approval, each of which may have an adverse effect on our business, financial condition, results of operations and prospects.

- Manufacturing pharmaceutical products is complex and subject to product loss for a variety of reasons. We rely on third-party suppliers, including single source suppliers, to manufacture preclinical and clinical supplies of our product candidates and we intend to rely on third parties to produce commercial supplies of any approved product

candidate. This reliance on third parties increases the risk that we will not have sufficient quantities of our product candidates or products or such quantities at an acceptable cost or quality, which could delay, prevent or impair our development or commercialization efforts.

- We may enter into collaborations with third parties for the development and commercialization of our product candidates. If those collaborations are not successful, we may not be able to capitalize on the market potential of these product candidates.
- The incidence and prevalence for target patient populations of our product candidates have not been established with precision. If the market opportunities for our product candidates are smaller than we estimate or if any approval that we obtain is based on a narrower definition of the patient population, our revenue potential and ability to achieve profitability will be adversely affected.
- We face substantial competition, which may result in others discovering, developing or commercializing products before or more successfully than we do.
- Product liability lawsuits against us could cause us to incur substantial liabilities and to limit commercialization of any products that we may develop.
- Our future success depends on our ability to retain key employees and to attract, retain and motivate qualified personnel and manage our human capital.
- We expect to expand our development and regulatory capabilities and potentially implement sales, marketing and distribution capabilities, and as a result, we may encounter difficulties in managing our growth, which could disrupt our operations.
- Failure to comply with health and data protection laws and regulations could lead to government enforcement actions (which could include civil or criminal penalties), private litigation and/or adverse publicity and could negatively affect our operating results and business.
- We may engage in strategic transactions that could impact our liquidity, increase our expenses and present significant distractions to our management.
- If we are unable to obtain and maintain sufficient patent protection for our product candidates, or if the scope of the patent protection is not sufficiently broad, third parties, including our competitors, could develop and commercialize products similar or identical to ours, and our ability to commercialize our product candidates successfully may be adversely affected.
- We may become involved in lawsuits or administrative disputes to protect or enforce our patents or other intellectual property, which could be expensive, time consuming and unsuccessful.
- We may not be able to effectively protect or enforce our intellectual property and proprietary rights throughout the world.
- If we are sued for infringing, misappropriating or otherwise violating intellectual property or proprietary rights of third parties, such litigation or disputes could be costly and time consuming and could prevent or delay us from developing or commercializing our product candidates.
- Rights to improvements to our product candidates may be held by third parties.
- An active and liquid trading market for our common stock may never be sustained. As a result, you may not be able to resell your shares of common stock at or above the purchase price.
- The market price of our common stock is likely to be highly volatile, which could result in substantial losses for purchasers of our common stock.
- Our principal stockholders and management own a significant percentage of our stock and are able to exert significant control over matters subject to stockholder approval.
- We are an “emerging growth company” and a “smaller reporting company” and we cannot be certain if the reduced reporting requirements applicable to emerging growth companies or smaller reporting companies will make our common stock less attractive to investors.
- We will continue to incur increased costs as a result of operating as a public company, and our management will be required to devote substantial time to new compliance initiatives and corporate governance practices.

Risks Related to Our Financial Position and Need for Capital

We have a limited operating history, which may make it difficult to evaluate the success of our business to date and to assess our future viability. We have incurred significant operating losses since our inception and have not generated any revenue. We expect to incur continued losses for the foreseeable future and may never achieve or maintain profitability.

Investment in drug development is a highly speculative undertaking and involves a substantial degree of risk. We commenced operations in 2016 and are a clinical-stage biopharmaceutical company with a limited operating history. We have not yet commercialized any product, and we do not expect to generate revenue from sales of any products for several years, if at all. Consequently, there have been limited operations upon which we or you can evaluate our business. Predictions about our future success or viability may not be as accurate as they could be if we had a longer operating history or a history of successfully developing and commercializing cancer therapies. For the year ended December 31, 2021, we reported a net loss of $111.7 million. As of December 31, 2021, we had an accumulated deficit of $219.1 million. We expect to continue to incur significant research and development and other expenses related to our ongoing operations.

Since our inception, we have focused substantially all of our efforts and financial resources on the research, preclinical and clinical development of our product candidates, PRT543, PRT811, PRT1419, and PRT2527, and our research efforts on other potential product candidates targeting PRMT5, MCL1, CDK9, and BRM, otherwise known as SMARCA2. As of December 31, 2021, our cash, cash equivalents, and marketable securities were $291.2 million.

We expect to incur increasing levels of operating losses for the foreseeable future, particularly as we advance PRT543, PRT811, PRT1419 and PRT2527 through clinical development. Our prior losses, combined with expected future losses, have had and will continue to have an adverse effect on our stockholders' equity and working capital. We expect our research and development expenses to significantly increase in connection with our additional planned clinical trials for our lead product candidates, including the ongoing Phase 1 clinical trials and the planned expansion cohorts of PRT543 and PRT811, the ongoing Phase 1 clinical trial for oral PRT1419 and development and subsequent INDs of other future product candidates we may choose to pursue, including IV PRT1419, PRT2527, our CDK9 inhibitor, a SMARCA2 protein degrader and a kinase inhibitor. In addition, if we obtain marketing approval for PRT543, PRT811, PRT1419, PRT2527, or another product candidate, we will incur significant sales, marketing and outsourced manufacturing expenses in connection with the commercialization of PRT543, PRT811, PRT1419, PRT2527 or such other product candidate, respectively. We will also continue to incur additional costs associated with operating as a public company. As a result, we expect to continue to incur significant and increasing operating losses for the foreseeable future. Because of the numerous risks and uncertainties associated with developing pharmaceutical products, we are unable to predict the extent of any future losses or when we will become profitable, if at all. Even if we do become profitable, we may not be able to sustain or increase our profitability on a quarterly or annual basis. We expect our financial condition and operating results to fluctuate significantly from quarter-to-quarter and year-to-year due to a variety of factors, many of which are beyond our control. Accordingly, you should not rely upon the results of any quarterly or annual periods as indications of future operating performance.

Our ability to become profitable depends upon our ability to generate revenue. To date, we have not generated any revenue and we do not know when, or if, we will generate any revenue. We do not expect to generate significant revenue unless and until we obtain marketing approval for, and begin to sell, PRT543, PRT811, PRT1419, PRT2527, or another product candidate. Our ability to generate revenue depends on a number of factors, including, but not limited to, our ability to:

- complete successful Phase 1 portions of PRT543, PRT811, PRT1419 and PRT2527 clinical trials;
- initiate and successfully complete all safety, pharmacokinetic and other studies required to obtain U.S. and foreign marketing approval for PRT543 as a treatment for patients with hematological malignancies and advanced solid tumors, PRT811 as a treatment for patients with glioblastoma and advanced solid tumors, and PRT1419 as a treatment for patients with certain solid tumors and hematological malignancies;
- initiate and complete successful later-stage clinical trials that meet their clinical endpoints;
- obtain favorable results from our clinical trials and apply for and obtain marketing approval for PRT543, PRT811, PRT1419, and PRT2527;
- establish licenses, collaborations, or strategic partnerships that may increase the value of our programs;

- successfully manufacture or contract with others to manufacture PRT543, PRT811, PRT1419, PRT2527, and our other product candidates;
- commercialize PRT543, PRT811, PRT1419, PRT2527 if approved, respectively, by building a sales force or entering into collaborations with third parties;
- submit INDs for a kinase inhibitor and SMARCA2 protein degrader that are made effective by the U.S. Food and Drug Administration, or the FDA;
- obtain, maintain, protect and defend our intellectual property portfolio; and
- achieve market acceptance of PRT543, PRT811, PRT1419, PRT2527 and our other successful product candidates with the medical community and with third-party payors.

To become and remain profitable, we must succeed in designing, developing, and eventually commercializing products that generate significant revenue. This will require us to be successful in a range of challenging activities, including completing preclinical testing and clinical trials for our product candidates, designing additional product candidates, establishing arrangements with third parties for the manufacture of clinical supplies of our product candidates, obtaining marketing approval for our product candidates and manufacturing, marketing and selling any products for which we may obtain marketing approval. We are only in the preliminary stages of most of these activities. We may never succeed in these activities and, even if we do, may never generate revenues that are significant enough to achieve profitability.

In cases where we are successful in obtaining regulatory approval to market one or more of our product candidates, our revenue will be dependent, in part, upon the size of the markets in the territories for which we gain regulatory approval, the accepted price for the product, the ability to obtain coverage and reimbursement, and whether we own the commercial rights for that territory. If the number of our addressable patients is not as significant as we estimate, the indication approved by regulatory authorities is narrower than we expect, or the treatment population is narrowed by competition, physician choice or treatment guidelines, we may not generate significant revenue from sales of such products, even if approved.

Because of the numerous risks and uncertainties associated with pharmaceutical product development, we are unable to accurately predict the timing or amount of increased expenses we will incur or when, or if, we will be able to achieve profitability. If we decide to or are required by the FDA or regulatory authorities in other jurisdictions to perform studies or clinical trials in addition to those currently expected, or if there are any delays in establishing appropriate manufacturing arrangements for, in initiating or completing our current and planned clinical trials for, or in the development of, any of our product candidates, our expenses could increase materially and profitability could be further delayed.

Even if we do achieve profitability, we may not be able to sustain or increase profitability on a quarterly or annual basis. Our failure to become and remain profitable would depress the value of our company and could impair our ability to raise capital, expand our business, maintain our research and development efforts, diversify our product offerings or even continue our operations. A decline in the value of our company could also cause you to lose all or part of your investment.

We will require substantial additional funding to pursue our business objectives. If we are unable to raise capital when needed or on terms acceptable to us, we could be forced to delay, reduce or eliminate our research or drug development programs, any future commercialization efforts or other operations.

We expect our expenses to increase substantially in connection with our ongoing activities, particularly as we advance our product candidates, PRT543, PRT811, PRT1419 and PRT2527, and other pipeline product candidates through clinical development, and seek to design additional product candidates from our discovery programs. We expect increased expenses as we continue our research and development, initiate additional clinical trials, and seek marketing approval for our lead programs and our other product candidates. In addition, if we obtain marketing approval for any of our product candidates, we expect to incur significant commercialization expenses related to product manufacturing, marketing, sales and distribution. Furthermore, we expect to continue to incur additional costs associated with operating as a public company. Accordingly, we will need to obtain substantial additional funding in connection with our continuing operations. Adequate additional financing may not be available to us on favorable terms, or at all. In addition, we may seek additional capital due to favorable market conditions or strategic considerations even if we believe we have sufficient funds for our current or

future operating plans. If we are unable to raise capital when needed or on favorable terms, we could be forced to delay, reduce or eliminate our research and development programs, our commercialization plans or other operations.

We believe that our existing cash, cash equivalents, and marketable securities will enable us to fund our operating expenses, and capital expenditure requirements into the second half of 2024. We have based this estimate on assumptions that may prove to be wrong, and we could use our capital resources sooner than we currently expect. Changes beyond our control may occur that would cause us to use our available capital before that time, including changes in and progress of our drug development activities and changes in regulation. Our future capital requirements will depend on many factors, including:

- the progress, timing and results of preclinical studies and clinical trials for our current or any future product candidates;
- the extent to which we develop, in-license or acquire other pipeline product candidates or technologies;
- the number and development requirements of other product candidates that we may pursue, and other indications for our current product candidates that we may pursue;
- the costs, timing and outcome of obtaining regulatory approvals of our current or future product candidates and any companion diagnostics we may pursue;
- the scope and costs of making arrangements with third-party manufacturers, or establishing manufacturing capabilities, for both clinical and commercial supplies of our current or future product candidates;
- the costs involved in growing our organization to the size needed to allow for the research, development and potential commercialization of our current or future product candidates;
- the cost associated with commercializing any approved product candidates, including establishing sales, marketing and distribution capabilities;
- the cost associated with completing any post-marketing studies or trials required by the FDA or other regulatory authorities;
- the revenue, if any, received from commercial sales of PRT543, PRT811, PRT1419, or PRT2527 if any are approved, or our other pipeline product candidates that receive marketing approval;
- the costs of preparing, filing and prosecuting patent applications, maintaining and enforcing our intellectual property rights and defending intellectual property-related claims that we may become subject to, including any litigation costs and the outcome of such litigation;
- the costs associated with potential product liability claims, including the costs associated with obtaining insurance against such claims and with defending against such claims; and
- to the extent we pursue strategic collaborations, including collaborations to commercialize PRT543, PRT811, PRT1419, PRT2527 or any of our other pipeline product candidates, our ability to establish and maintain collaborations on favorable terms, if at all, as well as the timing and amount of any milestone or royalty payments we are required to make or are eligible to receive under such collaborations, if any.

We will require additional capital to complete our planned clinical development programs for our current product candidates to obtain regulatory approval. Our ability to raise additional funds will depend on financial, economic and market conditions and other factors, over which we may have no or limited control. If adequate funds are not available on commercially acceptable terms when needed, we may be forced to delay, reduce or terminate the development or commercialization of all or part of our research programs or product candidates or we may be unable to take advantage of future business opportunities. Furthermore, any additional capital-raising efforts may divert our management from their day-to-day activities, which may adversely affect our ability to develop and commercialize our current and future product candidates, if approved.

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

Until such time, if ever, as we can generate substantial product revenue, we expect to finance our cash needs through a combination of equity offerings, debt financings, collaborations, strategic alliances and marketing, distribution or licensing

arrangements. In addition, we may seek additional capital due to favorable market conditions or strategic considerations, even if we believe we have sufficient funds for our current or future operating plans. To the extent that we raise additional capital through the sale of equity or convertible debt securities, your ownership interest will be diluted, and the terms of these securities may include liquidation or other preferences that adversely affect your rights as a common stockholder. Debt financing and preferred equity financing, if available, may involve agreements that include covenants limiting or restricting our ability to take specific actions, such as incurring additional debt, making acquisitions or capital expenditures or declaring dividends.

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

Risks Related to Design and Development of our Product Candidates

We are highly dependent on the success of our product candidates, PRT543, PRT811, PRT1419 and PRT2527, which are in early clinical development. We have not completed successful late-stage pivotal clinical trials or obtained regulatory approval for any product candidate. We may never obtain approval for any of our product candidates or achieve or sustain profitability.

Our future success is highly dependent on our ability to obtain regulatory approval for, and then successfully commercialize, our product candidates, PRT543, PRT811, PRT1419 and PRT2527. We are early in our development efforts and our lead product candidates, PRT543, PRT811, PRT1419 and PRT2527, are each currently in a Phase 1 clinical trial. Our other product candidates are in earlier stages of development. We currently have no products that are approved for sale in any jurisdiction. There can be no assurance that PRT543, PRT811, PRT1419, PRT2527 or our other product candidates in development will achieve success in their clinical trials or obtain regulatory approval.

Our ability to generate product revenues, which we do not expect will occur for many years, if ever, will depend heavily on the successful development and eventual commercialization of PRT543, PRT811, PRT1419, PRT2527 or other product candidates in development. The success of our product candidates, including PRT543, PRT811, PRT1419 and PRT2527, will depend on several factors, including the following:

- successful completion of preclinical studies and clinical trials;
- acceptance of INDs by the FDA or other similar clinical trial applications from foreign regulatory authorities for our future clinical trials for our pipeline product candidates;
- timely and successful enrollment of patients in, and completion of, clinical trials with favorable results;
- demonstration of safety, efficacy and acceptable risk-benefit profiles of our product candidates to the satisfaction of the FDA and foreign regulatory agencies;
- our ability, or that of our collaborators, to develop and obtain clearance or approval of companion diagnostics, on a timely basis, or at all;
- receipt and related terms of marketing approvals from applicable regulatory authorities, including the completion of any required post-marketing studies or trials;
- raising additional funds necessary to complete clinical development of and commercialize our product candidates;
- obtaining and maintaining patent, trade secret and other intellectual property protection and regulatory exclusivity for our product candidates;
- making arrangements with third-party manufacturers, or establishing manufacturing capabilities, for both clinical and commercial supplies of our product candidates;
- developing and implementing marketing and reimbursement strategies;
- establishing sales, marketing and distribution capabilities and launching commercial sales of our products, if and when approved, whether alone or in collaboration with others;

- acceptance of our products, if and when approved, by patients, the medical community and third-party payors;
- effectively competing with other therapies;
- obtaining and maintaining third-party payor coverage and adequate reimbursement;
- protecting and enforcing our rights in our intellectual property portfolio; and
- maintaining a continued acceptable safety profile of the products following approval.

Many of these factors are beyond our control, and it is possible that none of our product candidates will ever obtain regulatory approval even if we expend substantial time and resources seeking such approval. If we do not achieve one or more of these factors in a timely manner or at all, we could experience significant delays or an inability to successfully commercialize our product candidates, which would materially harm our business. For example, our business could be harmed if results of our ongoing clinical trials of PRT543, PRT811, PRT1419 or PRT2527, vary adversely from our expectations.

Drug development involves a lengthy and expensive process, and clinical testing is uncertain as to the outcome.

We currently have three product candidates in Phase 1 clinical development and additional product candidates in preclinical development, and the risk of failure for each is high. We are unable to predict when or if our product candidates will prove effective or safe in humans or will obtain marketing approval. Before obtaining marketing approval from regulatory authorities for the sale of any product candidate, we must complete preclinical development and then conduct extensive clinical trials to demonstrate the safety and efficacy of our product candidates in humans. Clinical testing is expensive, difficult to design and implement, can take many years to complete and is uncertain as to the outcome.

A failure of one or more clinical trials can occur at any stage of testing. The outcome of preclinical testing and early clinical trials may not be predictive of the success of later clinical trials or of clinical trials of the same product candidates in other indications, and interim or preliminary results of a clinical trial do not necessarily predict final results. Later-stage clinical trials could differ in significant ways from early-stage clinical trials, including changes to inclusion and exclusion criteria, efficacy endpoints, dosing regimen and statistical design. In particular, the small number of patients in our current Phase 1 clinical trials may make the results of these trials less predictive of the outcome of later clinical trials. In addition, although we have observed encouraging clinical activity in the dose escalation portion of the Phase 1 portion of our ongoing PRT543 and PRT811 clinical trials, the primary objectives were to determine the safety, tolerability and maximum tolerated dose of PRT543 and PRT811, respectively, and to determine a recommended Phase 2 dose for the expansion portion of our Phase 1 clinical trials, and not to demonstrate efficacy. The assessments of clinical activity from this portion of the clinical trials, some of which were not pre-specified, may not be predictive of the results in dose expansion cohorts, specific tumor types or further clinical trials of PRT543 and PRT811. In addition, while we may believe certain results in patients, such as stable disease, suggest encouraging clinical activity, stable disease is not considered a response for regulatory purposes. Stable disease, or SD, is defined as failure to meet the definition of objective clinical response or progressive disease. Furthermore, safety events may be observed in later trials that alter the anticipated risk-benefit profiles of PRT543 and PRT811.

We may incur additional costs or experience delays in completing, or ultimately be unable to complete the development and/or commercialization of PRT543, PRT811, PRT1419, PRT2527 or our other product candidates.

Before we can initiate clinical trials of a product candidate in any indication, we must submit the results of preclinical studies to the FDA or to comparable foreign authorities, respectively, along with other information, including information about the product candidate's chemistry, manufacturing and controls and our proposed clinical trial protocol, as part of an IND or comparable foreign regulatory filings.

The FDA may require us to conduct additional preclinical studies for any product candidate before it allows us to initiate subsequent clinical trials under any IND, which may lead to additional delays and increase the costs of our preclinical development programs.

Any delays in the commencement or completion of our ongoing, planned or future clinical trials could significantly affect our product development costs. We may experience numerous unforeseen events during, or as a result of, clinical trials that could delay or prevent our ability to obtain marketing approval or commercialize our product candidates, including:

- regulators, institutional review boards, or IRBs, or ethics committees, or ECs, may not authorize us or our investigators to commence a clinical trial or conduct a clinical trial at a prospective trial site;
- the FDA may disagree as to the design or implementation of our clinical trials or with our recommended Phase 2 doses for any of our pipeline programs;
- we may experience delays in reaching, or fail to reach, agreement on acceptable clinical trial contracts or clinical trial protocols with prospective clinical research organizations, or CROs, and prospective trial sites;
- clinical trials for our product candidates may produce negative or inconclusive results, and we may decide, or regulators may require us, to conduct additional clinical trials, delay or halt clinical trials or abandon product development programs;
- lack of adequate funding to continue the clinical trial;
- the number of patients required for clinical trials for our product candidates may be larger than we anticipate, enrollment in these clinical trials may be slower than we anticipate or may be lower than we anticipate due to challenges in recruiting and enrolling suitable patients that meet the study criteria, participants may drop out of these clinical trials at a higher rate than we anticipate or the duration of these clinical trials may be longer than we anticipate;
- competition for clinical trial participants from investigational and approved therapies may make it more difficult to enroll patients in our clinical trials;
- we may experience difficulties in maintaining contact with patients after treatment, resulting in incomplete data;
- we or third-party collaborators may fail to obtain regulatory approval of companion diagnostic tests, if required, on a timely basis, or at all;
- our third-party contractors may fail to meet their contractual obligations to us in a timely manner, or at all, or may fail to comply with regulatory requirements;
- we may have to suspend or terminate clinical trials for our product candidates for various reasons, including a finding by us or by a Data Monitoring Committee for a trial that the participants are being exposed to unacceptable health risks;
- our product candidates may have undesirable or unexpected side effects or other unexpected characteristics, causing us or our investigators, regulators or IRBs/ECs to suspend or terminate the trials;
- the cost of clinical trials for our product candidates may be greater than we anticipate;
- changes to clinical trial protocol;
- the supply or quality of our product candidates or other materials necessary to conduct clinical trials for our product candidates may be insufficient or inadequate and result in delays or suspension of our clinical trials; and
- the impact of the ongoing COVID-19 pandemic, which may slow potential enrollment, reduce the number of eligible patients for clinical trials, or reduce the number of patients that remain in our trials.

Delays, including delays caused by the above factors, can be costly and could negatively affect our ability to complete a clinical trial or obtain timely marketing approvals. We do not know whether any of our planned preclinical studies or clinical trials will begin on a timely basis or at all, will need to be restructured or will be completed on schedule, or at all. For example, the FDA may place a partial or full clinical hold on any of our clinical trials for a variety of reasons, including safety concerns and noncompliance with regulatory requirements. If we are not able to complete successful clinical trials, we will not be able to obtain regulatory approval and will not be able to commercialize our product candidates.

Significant preclinical or clinical trial delays also could shorten any periods during which we may have the exclusive right to commercialize our product candidates or allow our competitors to bring products to market before we do and impair our ability to successfully commercialize our product candidates and may harm our business and results of operations.

If we experience delays or difficulties in enrolling patients in our ongoing or planned clinical trials, our receipt of necessary regulatory approval could be delayed or prevented.

We may not be able to initiate or continue our ongoing or planned clinical trials for our product candidates if we are unable to identify and enroll a sufficient number of eligible patients to participate in these trials as required by the FDA or comparable foreign regulatory authorities. In addition, some of our competitors currently have ongoing clinical trials for product candidates that would treat the same patients as our clinical product candidates, and patients who would otherwise be eligible for our clinical trials may instead enroll in clinical trials of our competitors' product candidates. This is acutely relevant for our development of PRT543 for the treatment of patients with myeloid malignancies and other solid tumors, including adenoid cystic carcinoma, or ACC, indications for which investigational drugs by our competitors are competing for clinical trial participants. Patient enrollment is also affected by other factors, including:

- severity of the disease under investigation;
- our ability to recruit clinical trial investigators of appropriate competencies and experience;
- the incidence and prevalence of our target indications;
- clinicians' and patients' awareness of, and perceptions as to the potential advantages and risks of our product candidates in relation to other available therapies, including any new drugs that may be approved for the indications we are investigating;
- competing studies or trials with similar eligibility criteria;
- invasive procedures required to enroll patients and to obtain evidence of the product candidate's performance during the clinical trial;
- availability and efficacy of approved medications for the disease under investigation;
- eligibility criteria defined in the protocol for the trial in question;
- the size and nature of the patient population required for analysis of the trial's primary endpoints;
- efforts to facilitate timely enrollment in clinical trials;
- whether we are subject to a partial or full clinical hold on any of our clinical trials;
- reluctance of physicians to encourage patient participation in clinical trials;
- the ability to monitor patients adequately during and after treatment;
- our ability to obtain and maintain patient consents; and
- proximity and availability of clinical trial sites for prospective patients.

Our inability to enroll and maintain a sufficient number of patients for our clinical trials would result in significant delays or may require us to abandon one or more clinical trials altogether. Enrollment delays in our clinical trials, including due to the COVID-19 pandemic, may result in increased development costs, which would cause the value of our company to decline and limit our ability to obtain additional financing.

The COVID-19 pandemic could adversely impact our business, including our clinical trials and clinical trial operations.

The COVID-19 pandemic in the United States and in other countries in which we have planned or have active clinical trial sites and where our third-party manufacturers operate, could cause significant disruptions that could severely impact our business and clinical trials, including:

- delays or difficulties in screening, enrolling and maintaining patients in our clinical trials;
- delays or difficulties in clinical site initiation, including difficulties in recruiting clinical site investigators and clinical site staff;

- diversion of healthcare resources away from the conduct of clinical trials, including the diversion of hospitals serving as our clinical trial sites and hospital staff supporting the conduct of our clinical trials;
- inability or unwillingness of subjects to travel to the clinical trial sites;
- delays, difficulties, or incompleteness in data collection and analysis and other related activities;
- decreased implementation of protocol required clinical trial activities and quality of source data verification at clinical trial sites;
- interruption of key clinical trial activities, such as clinical trial site monitoring, due to limitations on travel imposed or recommended by federal or state governments, employers and others;
- limitations in employee resources that would otherwise be focused on the conduct of our clinical trials and our other research and development activities, including because of sickness of employees or their families or mitigation measures such as lock-downs and social distancing;
- delays due to production shortages resulting from any events affecting raw material supply or manufacturing capabilities domestically and abroad;
- delays in receiving approval from local regulatory authorities to initiate our planned clinical trials;
- delays in clinical sites receiving the supplies and materials needed to conduct our clinical trials;
- interruption in global and domestic shipping that may affect the transport of clinical trial materials, such as investigational drug products used in our clinical trials;
- changes in local regulations as part of a response to the COVID-19 pandemic which may require us to change the ways in which our clinical trials are conducted, which may result in unexpected costs, delays, or to discontinue the clinical trials altogether;
- delays in necessary interactions with local regulators, ethics committees and other important agencies and contractors due to limitations in employee resources or forced furlough of government employees;
- refusal of regulatory authorities such as FDA or European Medicines Agency, or EMA, to accept data from clinical trials in affected geographies; and
- adverse impacts on global economic conditions which could have an adverse effect on our business and financial condition, including impairing our ability to raise capital when needed.

Such disruptions could impede, delay, limit or prevent completion of our ongoing clinical trials and preclinical studies or commencement of new clinical trials and ultimately lead to the delay or denial of regulatory approval of our product candidates, which would seriously harm our operations and financial condition and increase our costs and expenses. We are in close contact with our CROs, CMOs and clinical sites as we seek to mitigate the impact of the COVID-19 pandemic on our studies and current timelines. Measures we have taken in response to the COVID-19 pandemic include, where feasible, conducting remote clinical trial site activations and data monitoring, and limiting on-site patient visits by adjusting patient assessments and protocol. However, despite these efforts, we have experienced limited delays in trial site initiations, patient participation and patient enrollment in some of our clinical trials and we may continue to experience some delays in our clinical trials and preclinical studies and delays in data collection and analysis. These delays so far have had a limited impact, but this may change as the COVID-19 pandemic and the response to such COVID-19 pandemic continues to evolve, and could have an adverse impact on our timelines and our business. The COVID-19 pandemic could also affect the business of the FDA, EMA or other health authorities, which could result in delays in meetings related to planned or completed clinical trials and ultimately of reviews and approvals of our product candidates. The global COVID-19 pandemic continues to rapidly evolve. The extent to which the COVID-19 pandemic may impact our business and clinical trials will depend on future developments, which are highly uncertain and cannot be predicted with confidence, such as the ultimate geographic spread of the disease, the duration of the pandemic, travel restrictions and social distancing in the United States and other countries, business closures or business disruptions and the effectiveness of actions taken in the United States and other countries to contain and treat the disease.

Adverse side effects or other safety risks associated with PRT543, PRT811, PRT1419, PRT2527 or our other product candidates could delay or preclude approval, cause us to suspend or discontinue clinical trials or abandon further development, limit the commercial profile of an approved product, or result in significant negative consequences following marketing approval, if any.

As is the case with pharmaceuticals generally, we have observed side effects and adverse events associated with our clinical product candidate, PRT543. These side effects included diarrhea, nausea and fatigue, but none of these side effects were considered related to PRT543. At the highest dose level of our clinical product candidate, PRT543, there were occurrences of grade 4 thrombocytopenia that were deemed related to PRT543, but the toxicity was reversible after a one to two week drug holiday and the affected patients remained on the study and were restarted at a lower dose. We have also observed side effects and adverse effects associated with PRT811. These side effects included nausea, constipation, vomiting and hyponatremia, but none of these side effects were considered related to PRT811.

Results of our ongoing and planned clinical trials could reveal a high and unacceptable severity and prevalence of side effects or unexpected characteristics. Undesirable side effects caused by our product candidates could result in the delay, suspension or termination of clinical trials by us or regulatory authorities for a number of reasons. Furthermore, clinical trials by their nature utilize a sample of the potential patient population. With a limited number of subjects and limited duration of exposure, rare and severe side effects of our product candidates or those of our competitors may only be uncovered with a significantly larger number of patients exposed to the drug.

Additionally, due to the high mortality rates of the cancers for which we are initially pursuing development and the pretreated nature of many patients in our ongoing clinical trials of PRT543, PRT811, PRT1419 and PRT2527, a material percentage of patients in these clinical trials may die during a trial, which could impact development of PRT543, PRT811, PRT1419 and PRT2527, respectively. If we elect or are required to delay, suspend or terminate any clinical trial, the commercial prospects of our product candidates will be harmed and our ability to generate product revenues from this product candidate will be delayed or eliminated. Serious adverse events, or SAEs, observed in clinical trials could hinder or prevent market acceptance of our product candidates. Any of these occurrences may harm our business, prospects, financial condition and results of operations significantly.

Moreover, if our product candidates are associated with undesirable side effects in clinical trials or have characteristics that are unexpected, we may elect to abandon or limit their development to more narrow uses or subpopulations in which the undesirable side effects or other characteristics are less prevalent, less severe or more acceptable from a risk-benefit perspective, which may limit the commercial expectations for our product candidates, if approved. We may also be required to modify our study plans based on findings in our clinical trials. Such side effects could also affect patient recruitment or the ability of enrolled patients to complete the trial. Many drugs that initially showed promise in early stage testing have later been found to cause side effects that prevented further development. In addition, regulatory authorities may draw different conclusions, require additional testing to confirm these determinations, require more restrictive labeling, or deny regulatory approval of the product candidate.

It is possible that, as we test our product candidates in larger, longer and more extensive clinical trials, including with different dosing regimens, or as the use of our product candidates becomes more widespread following any regulatory approval, illnesses, injuries, discomforts and other adverse events that were observed in earlier trials, as well as conditions that did not occur or went undetected in previous trials, will be reported by patients. If such side effects become known later in development or upon approval, if any, such findings may harm our business, financial condition, results of operations and prospects significantly.

In addition, if any of our product candidates receive marketing approval, and we or others later identify undesirable side effects caused by treatment with such drug, a number of potentially significant negative consequences could result, including:

- regulatory authorities may withdraw approval of the drug;
- we may be required to recall a product or change the way the drug is administered to patients;
- regulatory authorities may require additional warnings in the labeling, such as a contraindication or a boxed warning, or issue safety alerts, Dear Healthcare Provider letters, press releases or other communications containing warnings or other safety information about the product;

- we may be required to implement a Risk Evaluation and Mitigation Strategy, or REMS, or create a medication guide outlining the risks of such side effects for distribution to patients;
- additional restrictions may be imposed on the marketing or promotion of the particular product or the manufacturing processes for the product or any component thereof;
- we could be sued and held liable for harm caused to patients;
- we may be subject to regulatory investigations and government enforcement actions;
- the drug could become less competitive; and
- our reputation may suffer.

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

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

From time to time, we may publicly disclose preliminary, interim or topline data from our clinical trials, such as the preliminary data analysis for the Phase 1 dose expansion portions of our PRT543 and PRT811 trials. These updates are based on a preliminary analysis of then-available data, and the results and related findings and conclusions are subject to change following a more comprehensive review of the data related to the particular study or trial. Additionally, interim data from clinical trials that we may complete are subject to the risk that one or more of the clinical outcomes may materially change as patient enrollment continues and more patient data become available. Therefore, positive interim results in any ongoing clinical trial may not be predictive of such results in the completed study or trial. We also make assumptions, estimations, calculations and conclusions as part of our analyses of data, and we may not have received or had the opportunity to fully and carefully evaluate all data. As a result, the topline results that we report may differ from future results of the same studies, or different conclusions or considerations may qualify such results, once additional data have been received and fully evaluated. Topline data also remain subject to audit and verification procedures that may result in the final data being materially different from the preliminary data we previously published. As a result, topline data should be viewed with caution until the final data are available. In addition, we may report interim analyses of only certain endpoints rather than all endpoints. Adverse changes between preliminary or interim data and final data could significantly harm our business and prospects. Further, additional disclosure of interim data by us or by our competitors in the future could result in volatility in the price of our common stock. See the description of risks under the heading “Risks Related to our Common Stock” for more disclosure related to the risk of volatility in our stock price.

Further, others, including regulatory agencies, may not accept or agree with our assumptions, estimates, calculations, conclusions or analyses or may interpret or weigh the importance of data differently, which could impact the value of the particular program, the approvability or commercialization of the particular product candidate or product and our company in general. In addition, the information we choose to publicly disclose regarding a particular study or clinical trial is typically selected from a more extensive amount of available information. You or others may not agree with what we determine is the material or otherwise appropriate information to include in our disclosure, and any information we determine not to disclose may ultimately be deemed significant with respect to future decisions, conclusions, views, activities or otherwise regarding a particular product, product candidate or our business. If the preliminary or topline data that we report differ from late, final or actual results, or if others, including regulatory authorities, disagree with the conclusions reached, our ability to obtain approval for, and commercialize, PRT543, PRT811, PRT1419 or PRT2527, or any other product candidates may be harmed, which could harm our business, financial condition, results of operations and prospects.

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

Because we have limited financial and managerial resources, we focus on research programs and product candidates that we identify for specific indications. As a result, we may forego or delay pursuit of opportunities with other product candidates or for other indications that later prove to have greater commercial potential. Our resource allocation decisions

may cause us to fail to capitalize on viable commercial products or profitable market opportunities. Our spending on current and future research and development programs and product candidates for specific indications may not yield any commercially viable products. If we do not accurately evaluate the commercial potential or target market for a particular product candidate, we may relinquish valuable rights to that product candidate through collaboration, licensing or other royalty arrangements in cases in which it would have been more advantageous for us to retain sole development and commercialization rights to such product candidate.

We may not be successful in our efforts to design additional potential product candidates.

A key element of our strategy is to identify molecular targets and intervention points leading to treatment failure, and then apply our expertise of cancer biology and medicinal chemistry, as well as our in-depth understanding of the current landscape of oncology treatments, to design solutions that can be precisely tailored in a target class agnostic fashion. The therapeutic design and development activities that we are conducting may not be successful in developing product candidates that are safe and effective in treating cancer or other diseases. Our research programs may initially show promise in identifying potential product candidates, yet fail to yield product candidates for clinical development for a number of reasons, including:

- the target selection methodology used may not be successful in identifying potential product candidates;
- potential product candidates may, on further study, be shown to have harmful side effects or other characteristics that indicate that they are unlikely to be drugs that will obtain marketing approval or achieve market acceptance; or
- potential product candidates may not be effective in treating their targeted diseases.

Research programs to identify and design new product candidates require substantial technical, financial and human resources. We may choose to focus our efforts and resources on a potential product candidate that ultimately proves to be unsuccessful. If we are unable to identify and design suitable product candidates for preclinical and clinical development, we will not be able to obtain revenues from the sale of products in future periods, which likely would result in significant harm to our financial position and adversely impact our stock price.

Risks Related to Government Regulation

The development and commercialization of pharmaceutical products are subject to extensive regulation, and we may not obtain regulatory approvals for PRT543, PRT811, PRT1419, PRT2527 or any other product candidates, on a timely basis or at all.

The clinical development, manufacturing, labeling, packaging, storage, recordkeeping, advertising, promotion, export, import, marketing, distribution, adverse event reporting, including the submission of safety and other post-marketing information and reports, and other possible activities relating to PRT543, PRT811, PRT1419 and PRT2527, currently our only product candidates in planned or ongoing clinical trials, as well as any other product candidate that we may develop in the future, are subject to extensive regulation. Marketing approval of drugs in the United States requires the submission of an NDA to the FDA, and we are not permitted to market any product candidate in the United States until we obtain approval from the FDA of the NDA for that product. An NDA must be supported by extensive clinical and preclinical data, as well as extensive information regarding pharmacology, chemistry, manufacturing and controls. Our product candidates must be approved by comparable regulatory authorities in other jurisdictions prior to commercialization.

FDA approval of an NDA is not guaranteed, and the review and approval process is an expensive and uncertain process that may take several years. Of the large number of drugs in development in the United States, only a small percentage will successfully complete the FDA regulatory approval process and will be commercialized. Accordingly, there can be no assurance that any of our product candidates will receive regulatory approval in the United States, or other jurisdictions.

The FDA also has substantial discretion in the approval process. The number and types of preclinical studies and clinical trials that will be required for NDA approval varies depending on the product candidate, the disease or the condition that the product candidate is designed to treat and the regulations applicable to any particular product candidate. For example, if successful, we believe that the expansion portions of the Phase 1 clinical trials of PRT543 or PRT811 may be sufficient to support FDA approval of an NDA for PRT543 or PRT811, respectively, but the FDA may disagree with the sufficiency of our data and require additional clinical trials. Additionally, depending upon the results of the expansion

portions of the Phase 1 clinical trials of PRT543 or PRT811, we may choose to seek Subpart H accelerated approval for PRT543 or PRT811, respectively, which would require completion of a confirmatory trial to validate the clinical benefit of the drug. Despite the time and expense associated with preclinical studies and clinical trials, failure can occur at any stage. The results of preclinical and early clinical trials of PRT543, PRT811, PRT1419, PRT2527 or any other product candidate may not be predictive of the results of our later-stage clinical trials.

Clinical trial failure may result from a multitude of factors including flaws in trial design, dose selection, placebo effect, patient enrollment criteria and failure to demonstrate favorable safety or efficacy traits, and failure in clinical trials can occur at any stage. Companies in the pharmaceutical industry frequently suffer setbacks in the advancement of clinical trials due to lack of efficacy or adverse safety profiles, notwithstanding promising results in earlier trials. Based upon negative or inconclusive results, we may decide, or regulators may require us, to conduct additional clinical trials or preclinical studies. In addition, data obtained from clinical trials are susceptible to varying interpretations, and regulators may not interpret our data as favorably as we do, which may further delay, limit or prevent marketing approval.

The FDA could delay, limit or deny approval of a product candidate for many reasons, including because the FDA:

- may not deem our product candidate to be safe and effective;
- determines that the product candidate does not have an acceptable benefit-risk profile;
- determines in the case of an NDA seeking accelerated approval that the NDA does not provide evidence that the product candidate represents a meaningful advantage over available therapies;
- determines that the objective response rate, or ORR, and duration of response are not clinically meaningful;
- may not agree that the data collected from preclinical studies and clinical trials are acceptable or sufficient to support the submission of an NDA or other submission or to obtain regulatory approval, and may impose requirements for additional preclinical studies or clinical trials;
- may determine that adverse events experienced by participants in our clinical trials represent an unacceptable level of risk;
- may determine that population studied in the clinical trial may not be sufficiently broad or representative to assure safety in the full population for which we seek approval;
- may not accept clinical data from trials, which are conducted at clinical facilities or in countries where the standard of care is potentially different from that of the United States;
- may disagree regarding the formulation, labeling and/or the specifications;
- may not approve the manufacturing processes associated with our product candidate or may determine that a manufacturing facility does not have an acceptable compliance status;
- may change approval policies or adopt new regulations; or
- may not file a submission due to, among other reasons, the content or formatting of the submission.

We have not obtained FDA approval for any product. This lack of experience may impede our ability to obtain FDA approval in a timely manner, if at all, for our clinical product candidates.

If we experience delays in obtaining approval or if we fail to obtain approval of PRT543, PRT811, PRT1419 or PRT2527, our commercial prospects will be harmed and our ability to generate revenues will be materially impaired which would adversely affect our business, prospects, financial condition and results of operations.

The accelerated approval pathway for our product candidates may not lead to a faster development or regulatory review or approval process and does not increase the likelihood that our product candidates will receive marketing approval.

Under the FDA's accelerated approval program, the FDA may approve a drug for a serious or life- threatening illness that provides meaningful therapeutic benefit to patients over existing treatments based upon 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, that is reasonably likely to predict an effect on irreversible morbidity or mortality or other clinical benefit, taking into account the severity, rarity, or prevalence of the condition and the availability or lack of alternative treatments. We may seek accelerated approval for one or more of our product candidates on the basis of ORR with an acceptable duration of response, a surrogate endpoint that we believe is reasonably likely to predict clinical benefit.

For drugs granted accelerated approval, post-marketing confirmatory trials are required to describe the anticipated effect on irreversible morbidity or mortality or other clinical benefit. These confirmatory trials must be completed with due diligence and, in some cases, the FDA may require that the trial be designed, initiated, and/or fully enrolled prior to approval. If any of our competitors were to receive full approval on the basis of a confirmatory trial for an indication for which we are seeking accelerated approval before we receive accelerated approval, the indication we are seeking may no longer qualify as a condition for which there is an unmet medical need and accelerated approval of our product candidate would be more difficult or may not occur. Moreover, the FDA may withdraw approval of our product candidate approved under the accelerated approval pathway if, for example:

- the trial or trials required to verify the predicted clinical benefit of our product candidate fail to verify such benefit or do not demonstrate sufficient clinical benefit to justify the risks associated with the drug;
- other evidence demonstrates that our product candidate is not shown to be safe or effective under the conditions of use;
- we fail to conduct any required post-approval trial of our product candidate with due diligence; or
- we disseminate false or misleading promotional materials relating to the relevant product candidate.

Our failure to obtain marketing approval in foreign jurisdictions would prevent our product candidates from being marketed in those jurisdictions, and any approval we are granted for our product candidates in the United States would not assure approval of product candidates in foreign jurisdictions.

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

We may not be able to obtain or maintain orphan drug designation or exclusivity for our product candidates.

Regulatory authorities in some jurisdictions, including the United States, may designate drugs for relatively small patient populations as “orphan drugs.” Under the Orphan Drug Act, the FDA may designate a drug as an orphan drug if it is intended to treat a rare disease or condition, which is generally defined as a patient population of fewer than 200,000 individuals in the United States, or if the disease or condition affects more than 200,000 individuals in the United States and there is no reasonable expectation that the cost of developing the drug for the type of disease or condition will be recovered from sales of the product 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. Additionally, if a product that has orphan designation subsequently receives the first FDA approval for the disease or condition for which it has such designation, the product is entitled to orphan drug exclusivity, which means that the FDA may not approve any other applications to market the same drug for the same indication for seven years, except in certain circumstances, such as a showing of clinical superiority (i.e., another product is safer, more effective or makes a major contribution to patient care) over the product with orphan exclusivity or where the manufacturer is unable to assure sufficient product quantity. Competitors, however, may receive approval of different products for the same indication for which the orphan product has exclusivity, or obtain approval for the same product but for a different indication than that for which the orphan product has exclusivity.

We may apply for an orphan drug designation in the United States or other geographies for our product candidates in the future. However, obtaining an orphan drug designation can be difficult, and we may not be successful in doing so. Even if we obtain orphan drug designation for our product candidates in specific indications, we may not be the first to obtain regulatory approval of these product candidates for the orphan- designated indication, due to the uncertainties associated with developing pharmaceutical products. In addition, exclusive marketing rights in the United States may be limited if we seek approval for an indication broader than the orphan-designated indication or may be lost if the FDA later determines that the request for orphan designation was materially defective or if the manufacturer is unable to assure sufficient quantities of the product to meet the needs of patients with the rare disease or condition. Orphan drug designation does not ensure that we will receive marketing exclusivity in a particular market, and we cannot assure you that any future application for orphan drug designation in any other geography or with respect to any other product candidate will be granted. Orphan drug designation neither shortens the development time or regulatory review time of a drug, nor gives the drug any advantage in the regulatory review or approval process.

A Breakthrough Therapy Designation by the FDA for any of our current or future product candidates may not lead to a faster development or regulatory review or approval process, and it would not increase the likelihood that the product candidate will receive marketing approval.

We may seek a Breakthrough Therapy Designation for one or more of our current or future product candidates. A breakthrough therapy is defined as a drug that is intended, alone or in combination with one or more other drugs, to treat a serious or life-threatening disease or condition, and preliminary clinical evidence indicates that the drug may demonstrate substantial improvement over existing therapies on one or more clinically significant endpoints, such as substantial treatment effects observed early in clinical development. For drugs that have been designated as breakthrough therapies, interaction and communication between the FDA and the sponsor of the trial can help to identify the most efficient path for clinical development while minimizing the number of patients placed in ineffective control regimens. Drugs designated as breakthrough therapies by the FDA are also eligible for priority review if supported by clinical data at the time of the submission of the NDA.

Designation as a breakthrough therapy is at the discretion of the FDA. Accordingly, even if we believe that one of our product candidates meets the criteria for designation as a breakthrough therapy, the FDA may disagree and instead determine not to make such designation. In any event, 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. In addition, even if one or more of our product candidates qualify as breakthrough therapies, the FDA may later decide that the product candidate no longer meets the conditions for qualification or that the time period for FDA review or approval will not be shortened.

If we are unable to successfully develop, validate, obtain regulatory approval of and commercialize companion diagnostic tests for any product candidates that require such tests, or experience significant delays in doing so, we may not realize the full commercial potential of these product candidates.

A companion diagnostic is a medical device, often an *in vitro* device, which provides information that is essential for the safe and effective use of a corresponding therapeutic drug product. A companion diagnostic can be used to identify patients who are most likely to benefit from the therapeutic product. In the future, we may evaluate opportunities to develop, either by ourselves or with collaborators, companion diagnostic tests for our product candidates for certain indications.

A companion diagnostic is generally developed in conjunction with the clinical program for an associated therapeutic product. To date, the FDA has required premarket approval of the vast majority of companion diagnostics for cancer therapies. Generally, when a companion diagnostic is essential to the safe and effective use of a drug product, the FDA requires that the companion diagnostic be approved before or concurrent with approval of the therapeutic product and before a product can be commercialized. The approval of a companion diagnostic as part of the therapeutic product's labeling limits the use of the therapeutic product to only those patients who express the specific genetic alteration that the companion diagnostic was developed to detect.

Development of a companion diagnostic could include additional meetings with regulatory authorities, such as a pre-submission meeting and the requirement to submit an investigational device exemption application. In the case of a companion diagnostic that is designated as "significant risk device," approval of an investigational device exemption by the

FDA and IRB is required before such diagnostic is used in conjunction with the clinical trials for a corresponding product candidate.

To be successful in developing, validating, obtaining approval of and commercializing a companion diagnostic, we or our collaborators will need to address a number of scientific, technical, regulatory and logistical challenges. We have no prior experience with medical device or diagnostic test development. If we choose to develop and seek FDA approval for companion diagnostic tests on our own, we will require additional personnel. We may rely on third parties for the design, development, testing, validation and manufacture of companion diagnostic tests for our therapeutic product candidates that require such tests, the application for and receipt of any required regulatory approvals, and the commercial supply of these companion diagnostics. If these parties are unable to successfully develop companion diagnostics for these therapeutic product candidates, or experience delays in doing so, we may be unable to enroll enough patients for our current and planned clinical trials, the development of these therapeutic product candidates may be adversely affected, these therapeutic product candidates may not obtain marketing approval, and we may not realize the full commercial potential of any of these therapeutics that obtain marketing approval. For any product candidate for which a companion diagnostic is necessary to select patients who may benefit from use of the product candidate, any failure to successfully develop a companion diagnostic may cause or contribute to delayed enrollment of our clinical trials, and may prevent us from initiating a pivotal trial. In addition, the commercial success of any of our product candidates that require a companion diagnostic will be tied to and dependent upon the receipt of required regulatory approvals and the continued ability of such third parties to make the companion diagnostic commercially available to us on reasonable terms in the relevant geographies. Any failure to do so could materially harm our business, results of operations and financial condition.

If we decide to pursue a Fast Track Designation by the FDA, it may not lead to a faster development or regulatory review or approval process.

We may seek Fast Track Designation for one or more of our product candidates. If a drug is intended for the treatment of a serious or life-threatening condition and the drug demonstrates the potential to address unmet medical needs for this condition, the product sponsor may apply for FDA Fast Track Designation. The FDA has broad discretion whether to grant this designation, so even if we believe a particular product candidate is eligible for this designation, we cannot assure you that the FDA would decide to grant it. Even if we do receive Fast Track Designation, we may not experience a faster development process, review or approval compared to conventional FDA procedures. The FDA may withdraw Fast Track Designation if it believes that the designation is no longer supported by data from our clinical development program.

Even if we obtain marketing approval for our product candidates, the terms of approvals, ongoing regulation of our products or other post-approval restrictions may limit how we manufacture and market our products and compliance with such requirements may involve substantial resources, which could materially impair our ability to generate revenue.

Any product candidates for which we receive accelerated approval from the FDA are required to undergo one or more confirmatory clinical trials. If such a product candidate fails to meet its safety and efficacy endpoints in such confirmatory clinical trials, the regulatory authority may withdraw its conditional approval. There is no assurance that any such product will successfully advance through its confirmatory clinical trial(s). Therefore, even if a product candidate receives accelerated approval from the FDA, such approval may be withdrawn at a later date.

Even if marketing approval of a product candidate is granted, an approved product and its manufacturer and marketer are subject to ongoing review and extensive regulation, which may include the requirement to implement a REMS or to conduct costly post-marketing studies or clinical trials and surveillance to monitor the safety or efficacy of the product.

We must also comply with requirements concerning advertising and promotion for any of our product candidates for which we obtain marketing approval. Promotional communications with respect to prescription drugs are subject to a variety of legal and regulatory restrictions and must be consistent with the information in the product's approved labeling. Thus, we will not be able to promote any products we develop for indications or uses for which they are not approved.

In addition, manufacturers of approved products and those manufacturers' facilities are required to ensure that quality control and manufacturing procedures conform to current good manufacturing practices, or cGMPs, which include requirements relating to quality control and quality assurance as well as the corresponding maintenance of records and

documentation and reporting requirements. We and our contract manufacturing organizations, or CMOs, could be subject to periodic unannounced inspections by the FDA to monitor and ensure compliance with cGMPs.

Accordingly, assuming we obtain marketing approval for one or more of our product candidates, we and our CMOs will continue to expend time, money and effort in all areas of regulatory compliance, including manufacturing, production, product surveillance and quality control. If we are not able to comply with post- approval regulatory requirements, we could have the marketing approvals for our products withdrawn by regulatory authorities and our ability to market any future products could be limited, which could adversely affect our ability to achieve or sustain profitability. As a result, the cost of compliance with post-approval regulations may have a negative effect on our operating results and financial condition.

Any product candidate for which we obtain marketing approval will be subject to ongoing enforcement of post-marketing requirements by regulatory agencies, and we could be subject to substantial penalties, including withdrawal of our product from the market, if we fail to comply with all regulatory requirements or if we experience unanticipated problems with our products, when and if any of them are approved.

Any product candidate for which we obtain marketing approval, along with the manufacturing processes, post-approval clinical data, labeling, advertising and promotional activities for such product, will be subject to continual requirements of and review by the FDA and other regulatory authorities. These requirements include, but are not limited to, restrictions governing promotion of an approved product, submissions of safety and other post-marketing information and reports, registration and listing requirements, cGMP requirements relating to manufacturing, quality control, quality assurance and corresponding maintenance of records and documents, and requirements regarding drug distribution and the distribution of samples to physicians and recordkeeping.

The FDA and other federal and state agencies, including the Department of Justice, closely regulate compliance with all requirements governing prescription drug products, including requirements pertaining to marketing and promotion of drugs in accordance with the provisions of the approved labeling and manufacturing of products in accordance with cGMP requirements. For example, 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. Violations of such requirements may lead to investigations alleging violations of the Federal Food, Drug, and Cosmetic Act, or FDCA, and other statutes, including the False Claims Act and other federal and state healthcare fraud and abuse laws as well as state consumer protection laws. Our failure to comply with all regulatory requirements, and later discovery of previously unknown adverse events or other problems with our products, manufacturers or manufacturing processes, may yield various results, including:

- litigation involving patients taking our products;
- restrictions on such products, manufacturers or manufacturing processes;
- restrictions on the labeling or marketing of a product;
- restrictions on product distribution or use;
- requirements to conduct post-marketing studies or clinical trials;
- warning or untitled letters;
- withdrawal of the products from the market;
- refusal to approve pending applications or supplements to approved applications that we submit;
- recall of products;
- fines, restitution or disgorgement of profits or revenues;
- suspension or withdrawal of marketing approvals;
- damage to relationships with any potential collaborators;
- unfavorable press coverage and damage to our reputation;
- refusal to permit the import or export of our products;
- product seizure; or
- injunctions or the imposition of civil or criminal penalties.

Non-compliance by us or any future collaborator with regulatory requirements, including safety monitoring or pharmacovigilance, and with requirements related to the development of products for the pediatric population can also result in significant financial penalties.

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

Healthcare providers, including physicians, and third-party payors will play a primary role in the recommendation and prescription of any product candidates for which we obtain marketing approval. Our current and future arrangements with healthcare providers, third-party payors and customers may expose us to broadly applicable fraud and abuse and other healthcare laws and regulations that may constrain the business or financial arrangements and relationships through which we research, as well as, market, sell and distribute any products for which we obtain marketing approval. Restrictions under applicable federal and state healthcare laws and regulations that may be applicable to our business include the following:

- the federal Anti-Kickback Statute prohibits, among other things, persons from knowingly and willfully soliciting, offering, receiving or providing remuneration, directly or indirectly, in cash or in kind, to induce or reward, or in return for, either the referral of an individual for, or the purchase, order or recommendation of, any good or service, for which payment may be made under a federal healthcare program such as Medicare and Medicaid;
- the federal civil and criminal false claims laws, including the False Claims Act, which can be enforced by civil whistleblower or qui tam actions on behalf of the government, and criminal false claims laws and the civil monetary penalties law, prohibit individuals or entities from, among other things, knowingly presenting, or causing to be presented false or fraudulent claims for payment by a federal government program, or making a false statement or record material to payment of a false claim or avoiding, decreasing or concealing an obligation to pay money to the federal government;
- the federal Health Insurance Portability and Accountability Act of 1996, or HIPAA, prohibits, among other things, knowingly and willfully executing, or attempting to execute, a scheme to defraud 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, fictitious or fraudulent 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, or HITECH, and their implementing regulations, impose requirements on certain covered healthcare providers, health plans, and healthcare clearinghouses as well as their respective business associates and their subcontractors that perform services for them that involve the use, or disclosure of, individually identifiable health information, relating to the privacy, security, and transmission of such individually identifiable health information;
- the federal transparency requirements under the Patient Protection and Affordable Care Act, as amended by the Health Care and Education Reconciliation Act of 2010, collectively referred to as the ACA, requires certain manufacturers of drugs, devices, biologics and medical supplies to annually report to the Centers for Medicare & Medicaid Services, or CMS, information related to payments and other transfers of value provided to, and ownership and investment interests held by, physicians, defined to include doctors, dentists, optometrists, podiatrists and chiropractors, and their immediate family members. Beginning in 2022, applicable manufacturers also will be required to report such information regarding payments and transfers of value provided, as well as ownership and investment interests held, during the previous year to physician assistants, nurse practitioners, clinical nurse specialists, anesthesiologist assistants, certified nurse anesthetists and certified nurse-midwives; and
- analogous state laws and regulations such as state anti-kickback and false claims laws and analogous non-U.S. fraud and abuse laws and regulations, may apply to sales or marketing arrangements and claims involving healthcare items or services reimbursed by non-governmental third-party payors, including private insurers. Some state laws require pharmaceutical companies to comply with the pharmaceutical industry's voluntary compliance guidelines and the relevant compliance regulations promulgated by the federal government and may require drug manufacturers to report information related to payments and other transfers of value to physicians and other

healthcare providers, marketing expenditures, or drug pricing, including price increases. State and local laws require the registration of pharmaceutical sales representatives. State and non-U.S. laws that also govern the privacy and security of health information in some circumstances, many of which differ from each other in significant ways and often are not preempted by HIPAA, thus complicating compliance efforts.

Efforts to ensure that our business arrangements with third parties will comply with applicable healthcare laws and regulations will involve substantial costs. It is possible that governmental authorities will conclude that our business practices may not comply with current or future statutes, regulations or case law involving applicable fraud and abuse or other healthcare laws and regulations. If our operations are found to be in violation of any of these laws or any other governmental regulations that may apply to us, we may be subject to significant civil, criminal and administrative penalties, damages, fines, disgorgement, imprisonment, exclusion from government funded healthcare programs, such as Medicare and Medicaid and other federal healthcare programs, contractual damages, reputational harm, diminished profits and future earnings, additional integrity reporting and oversight obligations, and the curtailment or restructuring of our operations, any of which could adversely affect our ability to operate our business and our results of operations. If any of the physicians or other healthcare providers or entities with whom we expect to do business is found to be not in compliance with applicable laws, they may be subject to significant criminal, civil and administrative sanctions, including exclusions from government funded healthcare programs, which could have a material adverse effect on our business, results of operations, financial condition and prospects.

Health care policy changes, including U.S. health care reform legislation, may have a material adverse effect on our business.

In response to perceived increases in health care costs in recent years, there have been and continue to be proposals by the federal government, state governments, regulators, and third-party payors to control these costs and, more generally, to reform the U.S. health care system. Certain of these proposals could limit the prices we are able to charge for our products or the amounts of reimbursement available for our products and could limit the acceptance and availability of our products. Further, while the United States has begun shifting to pay-for-performance rather than fee-for-service models and has been embracing many shared-risk arrangements, CMS and OIG specifically excluded medical device manufacturers from utilizing the new, more flexible Stark Law exceptions and Anti-Kickback Statute safe harbors under the Final Rules, part of the U.S. Department of Health and Human Services' Regulatory Sprint to Coordinated Care, which were published on December 2, 2020 in the Federal Register and were largely effective January 19, 2021. The exclusion of manufacturers from utilizing these exceptions and safe harbors will not allow us to avail ourselves of immunity from liability under the laws, potentially inviting greater scrutiny over our shared risk arrangements.

Additionally, on November 16, 2020 the OIG published a Special Fraud Alert addressing manufacturer Speaker Programs signaling both a more narrow government view of AKS compliance with respect to such programs as well as the potential for increased enforcement in this space by government oversight agencies such as the OIG and DOJ. In response to this Special Fraud Alert, PhRMA issued its Statement on Revisions to the PhRMA Code on Interactions with Health Care Professionals on August 6, 2021 asserting, among other things, that pharmaceutical companies should not pay for or provide alcohol in connection with speaker programs. The updated PhRMA Code updates also clarified that repeat attendance at a speaker program on the same or substantially the same topic where a meal is provided to the attendee is generally not appropriate. The updated PhRMA Code was made effective as of January 1, 2022. AdvaMed has not made corollary revisions to its Code of Ethics to date. We continue to assess industry response to the Special Fraud Alert and have and may continue to make modifications to certain aspects of our speaker programs, which may have a detrimental impact on our ability to educate healthcare providers about our products and to promote use of our products, which may lead to decreased product sales and negatively impact our business, financial condition and results of operations.

Comprehensive healthcare legislation, signed into law in the United States in March 2010, titled the Patient Protection and Affordable Care Act, as amended by the Health Care and Education Affordability Reconciliation Act of 2010, collectively, the ACA, imposes certain stringent compliance, recordkeeping, and reporting requirements on companies in various sectors of the life sciences industry, and enhanced penalties for non-compliance. Despite the ACA going into effect over a decade ago, there have been numerous legal and Congressional challenges to the law's provisions and the effect of certain provisions have made compliance costly. More recently, in June 2021, a case challenging the constitutionality of the ACA's individual mandate (*California v. Texas*) was overturned at the Supreme Court.

We cannot predict what additional new legislation, agency priorities, and rulemakings may be on the horizon as the United States continues to reassess how it pays for healthcare. As a result, we cannot quantify or predict what impact any changes might have on our business and results of operations. However, any changes that lower reimbursement for our products could materially and adversely affect our business, financial condition and results of operations.

Other legal, regulatory and commercial policy influences are subjecting our industry to significant changes, and we cannot predict whether new regulations or policies will emerge from U.S. federal or state governments, foreign governments, or third-party payors. Government and commercial payors may, in the future, consider healthcare policies and proposals intended to curb rising healthcare costs, including those that could significantly affect reimbursement for healthcare products such as our systems. These policies have included, and may in the future include: basing reimbursement policies and rates on clinical outcomes, the comparative effectiveness, and costs, of different treatment technologies and modalities; imposing price controls and taxes on medical device providers; and other measures. Future significant changes in the healthcare systems in the United States or elsewhere could also have a negative impact on the demand for our current and future products. These include changes that may reduce reimbursement rates for our products and changes that may be proposed or implemented by the current or future laws or regulations.

Governments outside of the United States tend to impose strict price controls, which may adversely affect our revenues, if any.

In some countries, particularly the countries of the European Union, or the EU, the pricing of prescription pharmaceuticals is subject to governmental control. In these countries, pricing negotiations with governmental authorities can take considerable time after the receipt of marketing approval for a product. To obtain reimbursement or pricing approval in some countries, we may be required to conduct a clinical trial that compares the cost-effectiveness of our product candidates to other available therapies. If reimbursement of our products is unavailable or limited in scope or amount, or if pricing is set at unsatisfactory levels, our business could be harmed. Political, economic and regulatory developments may further complicate pricing negotiations, and pricing negotiations may continue after reimbursement has been obtained. Reference pricing used by various EU member states, and parallel trade, such as arbitrage between low-priced and high-priced member states, can further reduce prices. There can be no assurance that any country that has price controls or reimbursement limitations for pharmaceutical products will allow favorable reimbursement and pricing arrangements for any products, if approved in those countries. In addition, the recent withdrawal of the United Kingdom from its membership in the EU, often referred to as “Brexit”, could lead to legal and regulatory uncertainty in the United Kingdom and may lead to the United Kingdom and EU adopting divergent laws and regulations, including those related to the pricing of prescription pharmaceuticals, as the United Kingdom determines which EU laws to replicate or replace. If the United Kingdom were to significantly alter its regulations affecting the pricing of prescription pharmaceuticals, we could face significant new costs. As a result, Brexit could impair our ability to transact business in the EU and the United Kingdom.

Laws and regulations governing any international operations we may have in the future may preclude us from developing, manufacturing and selling certain product candidates and products outside of the United States and require us to develop and implement costly compliance programs.

If we expand our operations outside of the United States, we must dedicate additional resources to comply with numerous laws and regulations in each jurisdiction in which we plan to operate. The Foreign Corrupt Practices Act, or FCPA, prohibits any U.S. individual or business from paying, offering, authorizing payment or offering anything of value, directly or indirectly, to any foreign official, political party or candidate for the purpose of influencing any act or decision of such third party in order to assist the individual or business in obtaining or retaining business. The FCPA also obligates companies whose securities are listed in the United States to comply with certain accounting provisions requiring the company to maintain books and records that accurately and fairly reflect all transactions of the company, including international subsidiaries, and to devise and maintain an adequate system of internal accounting controls for international operations.

Compliance with the FCPA is expensive and difficult, particularly in countries in which corruption is a recognized problem. In addition, the FCPA presents particular challenges in the pharmaceutical industry, because, in many countries, hospitals are operated by the government, and doctors and other hospital employees are considered foreign officials. Certain payments to hospitals in connection with clinical trials and other work have been deemed to be improper payments to government officials and have led to FCPA enforcement actions.

Various laws, regulations and executive orders also restrict the use and dissemination outside of the United States, or the sharing with certain non-U.S. nationals, of information classified for national security purposes, as well as certain products and technical data relating to those products. If we expand our presence outside of the United States, it will require us to dedicate additional resources to comply with these laws, and these laws may preclude us from developing, manufacturing or selling certain product candidates and products outside of the United States, which could limit our growth potential and increase our development costs.

The failure to comply with laws governing international business practices may result in substantial civil and criminal penalties and suspension or debarment from government contracting. The Securities and Exchange Commission, or the SEC, also may suspend or bar issuers from trading securities on U.S. exchanges for violations of the FCPA's accounting provisions.

If we fail to comply with environmental, health and safety laws and regulations, we could become subject to fines or penalties or incur costs that could harm our business.

We and our third-party contractors are subject to numerous foreign, federal, state and local environmental, health and safety laws and regulations, including those governing laboratory procedures and the handling, use, storage, treatment and disposal of hazardous materials and wastes. Our operations involve the use of hazardous and flammable materials, including chemicals and biological materials. Our operations also produce hazardous waste products. We generally contract with third parties for the disposal of these materials and wastes. We cannot eliminate the risk of contamination or injury from these materials. In the event of contamination or injury resulting from our use of hazardous materials, we could be held liable for any resulting damages, and any liability could exceed our resources, including any available insurance.

In addition, our leasing and operation of real property may subject us to liability pursuant to certain of these laws or regulations. Under existing U.S. environmental laws and regulations, current or previous owners or operators of real property and entities that disposed or arranged for the disposal of hazardous substances may be held strictly, jointly and severally liable for the cost of investigating or remediating contamination caused by hazardous substance releases, even if they did not know of and were not responsible for the releases.

We could incur significant costs and liabilities which may adversely affect our financial condition and operating results for failure to comply with such laws and regulations, including, among other things, civil or criminal fines and penalties, property damage and personal injury claims, costs associated with upgrades to our facilities or changes to our operating procedures, or injunctions limiting or altering our operations.

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

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

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

U.S. and foreign anti-corruption, anti-money laundering, export control, sanctions and other trade laws and regulations prohibit, among other things, companies and their employees, agents, CROs, CMOs, legal counsel, accountants, consultants, contractors and other partners from authorizing, promising, offering, providing, soliciting, or receiving directly or indirectly, corrupt or improper payments or anything else of value to or from recipients in the public or private sector. Violations of these laws can result in substantial criminal fines and civil penalties, imprisonment, the loss of trade privileges, debarment, tax reassessments, breach of contract and fraud litigation, reputational harm and other consequences. We have direct or indirect interactions with officials and employees of government agencies or government-affiliated hospitals, universities and other organizations. We also expect our non-U.S. activities to increase over time. We expect to rely on third parties for research, preclinical studies and clinical trials and/or to obtain necessary permits, licenses, patent registrations and other marketing approvals. We can be held liable for the corrupt or other illegal activities of our personnel, agents, or partners, even if we do not explicitly authorize or have prior knowledge of such activities.

Any violations of the laws and regulations described above may result in substantial civil and criminal fines and penalties, imprisonment, the loss of export or import privileges, debarment, tax reassessments, breach of contract and fraud litigation, reputational harm and other consequences.

Risks Related to Our Reliance on Third Parties

We rely, and intend to continue to rely, on third parties to conduct our clinical trials and perform some of our research and preclinical studies. If these third parties do not satisfactorily carry out their contractual duties, fail to comply with applicable regulatory requirements or do not meet expected deadlines, our development programs may be delayed or subject to increased costs or we may be unable to obtain regulatory approval, each of which may have an adverse effect on our business, financial condition, results of operations and prospects.

We do not have the ability to independently conduct all aspects of our preclinical testing or clinical trials ourselves. As a result, we are dependent on third parties to conduct our ongoing and planned clinical trials of PRT543, PRT811, PRT1419 and PRT2527, and any preclinical studies and clinical trials of any other product candidates. The timing of the initiation and completion of these trials will therefore be partially controlled by such third parties and may result in delays to our development programs. Specifically, we expect CROs, clinical investigators and consultants to play a significant role in the conduct of these trials and the subsequent collection and analysis of data. However, these CROs and other third parties are not our employees, and we will not be able to control all aspects of their activities. Nevertheless, we are responsible for ensuring that each clinical trial is conducted in accordance with the applicable protocol and legal, regulatory and scientific standards, and our reliance on the CROs and other third parties does not relieve us of our regulatory responsibilities. We and our CROs are required to comply with good clinical practices, or GCP, requirements, which are regulations and guidelines enforced by the FDA for product candidates in clinical development. Regulatory authorities enforce these GCP requirements through periodic inspections of trial sponsors, clinical trial investigators and clinical trial sites. If we or any of our CROs or clinical trial sites fail to comply with applicable GCP requirements, the data generated in our clinical trials may be deemed unreliable, and the FDA may require us to perform additional clinical trials before approving our marketing applications. We cannot assure you that, upon inspection, the FDA will determine that our clinical trials comply with GCPs. In addition, our clinical trials must be conducted with product produced under cGMP regulations. Our failure or the failure of third parties on whom we rely on to comply with these regulations may require us to stop and/or repeat clinical trials, which would delay the marketing approval process.

There is no guarantee that any such CROs, clinical trial investigators or other third parties on which we rely will devote adequate time and resources to our development activities or perform as contractually required. If any of these third parties fail to meet expected deadlines, adhere to our clinical protocols or meet regulatory requirements, otherwise perform in a substandard manner, or terminate their engagements with us, the timelines for our development programs may be extended or delayed or our development activities may be suspended or terminated. If our clinical trial site terminates for any reason, we may experience the loss of follow-up information on subjects enrolled in such clinical trial unless we are able to transfer those subjects to another qualified clinical trial site, which may be difficult or impossible.

Furthermore, these third parties may also have relationships with other entities, some of which may be our competitors for whom they may also be conducting clinical trials or other pharmaceutical product development activities that could harm our competitive position. 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, marketing approvals for PRT543, PRT811, PRT1419, PRT2527 or any other product candidates and will not be able to, or may be delayed in our efforts to, successfully commercialize our products.

Manufacturing pharmaceutical products is complex and subject to product loss for a variety of reasons. We rely on third-party suppliers, including single source suppliers, to manufacture preclinical and clinical supplies of our product candidates and we intend to rely on third parties to produce commercial supplies of any approved product candidate. This reliance on third parties increases the risk that we will not have sufficient quantities of our product candidates or products or such quantities at an acceptable cost or quality, which could delay, prevent or impair our development or commercialization efforts.

We do not have any manufacturing facilities. We rely, and expect to continue to rely, on third parties for the manufacture of our product candidates for preclinical and clinical testing, product development purposes, to support regulatory application submissions, as well as for commercial manufacture if any of our product candidates obtain marketing approval. In addition, we expect to contract with analytical laboratories for release and stability testing of our product candidates. This reliance on third parties increases the risk that we will not have sufficient quantities of our product candidates or products or such quantities at an acceptable cost or quality, which could delay, prevent or impair our

development or commercialization efforts. In addition, the ongoing COVID-19 pandemic may result in disruptions to the operations or an extended shutdown of certain businesses, which could include certain of our contract manufacturers.

We may be unable to establish any agreements with third-party manufacturers or do so on favorable terms. Even if we are able to establish agreements with third-party manufacturers, reliance on third-party manufacturers entails additional risks, including:

- reliance on the third party for regulatory, compliance and quality assurance;
- reliance on the third party for product development, analytical testing, and data generation to support regulatory applications;
- operations of our third-party manufacturers or suppliers could be disrupted by conditions unrelated to our business or operations, including the bankruptcy of the manufacturer or supplier, the issuance of an FDA Form 483 notice or warning letter, or other enforcement action by FDA or other regulatory authority;
- the possible breach of the manufacturing agreement by the third party;
- the possible misappropriation of our proprietary information, including our trade secrets and know-how;
- the possible termination or nonrenewal of the agreement by the third party at a time that is costly or inconvenient for us;
- carrier disruptions or increased costs that are beyond our control; and
- failure to deliver our drugs under specified storage conditions and in a timely manner.

We have only limited supply arrangements in place with respect to our product candidates, and these arrangements do not extend to commercial supply. We acquire many key materials on a purchase order basis. As a result, we do not have long-term committed arrangements with respect to our product candidates and other materials. We will need to establish one or more agreements with third parties to develop and scale up the drug manufacturing process, conduct drug testing, and generate data to support a regulatory submission. If we obtain marketing approval for any of our product candidates, we will need to establish an agreement for commercial manufacture with a third party.

In addition, we are dependent on a sole supplier for certain components of our manufacturing process. Even if we are able to replace any raw materials or other materials with an alternative, such alternatives may cost more, result in lower yields or not be as suitable for our purposes. In addition, some of the materials that we use to manufacture our product candidates are complex materials, which may be more difficult to substitute. Therefore, any disruptions arising from our sole suppliers could result in delays and additional regulatory submissions.

Third-party manufacturers may not be able to comply with cGMP regulations or similar regulatory requirements outside of the United States. If the FDA determines that our CMOs are not in compliance with FDA laws and regulations, including those governing cGMPs, the FDA may deny a new drug application, or NDA, approval until the deficiencies are corrected or we replace the manufacturer in our application with a manufacturer that is in compliance. Moreover, our failure, or the failure of our third-party manufacturers and suppliers, to comply with applicable regulations could result in sanctions being imposed on us, including clinical holds, fines, injunctions, civil penalties, seizures or recalls of product candidates or products, operating restrictions and criminal prosecutions, any of which could significantly and adversely affect supplies of our products. In addition, approved products and the facilities at which they are manufactured are required to maintain ongoing compliance with extensive FDA requirements and the requirements of other similar agencies, including ensuring that quality control and manufacturing procedures conform to cGMP requirements. As such, our CMOs are subject to continual review and periodic inspections to assess compliance with cGMPs. Furthermore, although we do not have day-to-day control over the operations of our CMOs, we are responsible for ensuring compliance with applicable laws and regulations, including cGMPs.

In addition, our third-party manufacturers and suppliers are subject to numerous environmental, health and safety laws and regulations, including those governing the handling, use, storage, treatment and disposal of waste products, and failure to comply with such laws and regulations could result in significant costs associated with civil or criminal fines and penalties for such third parties. Based on the severity of regulatory actions that may be brought against these third parties in the

future, our clinical or commercial supply of drug and packaging and other services could be interrupted or limited, which could harm our business.

Our product candidates and any products that we may develop may compete with other product candidates and products for access to manufacturing facilities. As a result, we may not obtain access to these facilities on a priority basis or at all. There are a limited number of manufacturers that operate under cGMP regulations and that might be capable of manufacturing for us.

As we prepare for later-stage clinical trials and potential commercialization, we will need to take steps to increase the scale of production of our product candidates. We have not yet scaled up the manufacturing process for any of our product candidates. Third party manufacturers may be unable to successfully increase the manufacturing 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 or commercial activities. For example, if microbial, viral or other contaminations are discovered in our product candidates or in the manufacturing facilities in which our product candidates are made, such manufacturing facilities may need to be closed for an extended period of time to investigate and remedy the contamination.

Any performance failure on the part of our existing or future manufacturers could delay clinical development or marketing approval. We do not currently have arrangements in place for redundant supply or a second source for bulk drug substance. If our current CMOs for preclinical and clinical testing cannot perform as agreed, we may be required to replace such CMOs. Although we believe that there are several potential alternative manufacturers who could manufacture our product candidates, we may incur added costs and delays in identifying and qualifying any such replacement manufacturer or be able to reach agreement with any alternative manufacturer. Further, our third-party manufacturers may experience manufacturing or shipping difficulties due to resource constraints or as a result of natural disasters, labor disputes, unstable political environments, or public health epidemics such as the COVID-19 pandemic. If our current third-party manufacturers cannot perform as agreed, we may be required to replace such manufacturers and we may be unable to replace them on a timely basis or at all.

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

We may enter into collaborations with third parties for the development and commercialization of our product candidates. If those collaborations are not successful, we may not be able to capitalize on the market potential of these product candidates.

We may seek third-party collaborators for the development and commercialization of some of our product candidates on a select basis. We have not entered into any collaborations to date. Our likely collaborators for any future collaboration arrangements include large and mid-size pharmaceutical companies, regional and national pharmaceutical companies and biotechnology companies. We face significant competition in seeking appropriate collaborators. Our ability to reach a definitive agreement for a future collaboration will depend, among other things, upon our assessment of the future collaborator's resources and expertise, the terms and conditions of the proposed collaboration and the proposed collaborator's evaluation of a number of factors.

If we do enter into any such arrangements with any third parties, we will likely have limited control over the amount and timing of resources that our future collaborators dedicate to the development or commercialization of our product candidates. Our ability to generate revenues from these arrangements will depend on our future collaborators' abilities and efforts to successfully perform the functions assigned to them in these arrangements. Collaborations with future collaborators involving our product candidates would pose numerous risks to us, including the following:

- collaborators have significant discretion in determining the efforts and resources that they will apply to these collaborations and may not perform their obligations as expected;
- collaborators may de-emphasize or not pursue development and commercialization of our product candidates or may elect not to continue or renew development or commercialization programs based on clinical trial results, changes in the collaborators' strategic focus, including as a result of a sale or disposition of a business unit or

development function, or available funding or external factors such as an acquisition that diverts resources or creates competing priorities;

- collaborators may delay clinical trials, provide insufficient funding 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;
- collaborators could independently develop, or develop with third parties, products that compete directly or indirectly with our products or product candidates 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;
- a collaborator with marketing and distribution rights to multiple products may not commit sufficient resources to the marketing and distribution of our product relative to other products;
- collaborators may not properly obtain, maintain, defend or enforce our intellectual property rights or may use our proprietary information and intellectual property in such a way as to invite litigation or other intellectual property related proceedings that could jeopardize or invalidate our proprietary information and intellectual property or expose us to potential litigation or other intellectual property related proceedings;
- disputes may arise between the collaborators and us that result in the delay or termination of the research, development or commercialization of our products or product candidates or that result in costly litigation or arbitration that diverts management attention and resources;
- collaborations may be terminated and, if terminated, may result in a need for additional capital to pursue further development or commercialization of the applicable product candidates;
- collaboration agreements may not lead to development or commercialization of product candidates in the most efficient manner or at all; and
- if a future collaborator of ours were to be involved in a business combination, the continued pursuit and emphasis on our product development or commercialization program could be delayed, diminished or terminated.

If we establish one or more collaborations, all of the risks relating to product development, regulatory approval and commercialization described herein would also apply to the activities of any such future collaborators.

Risks Related to Commercialization of our Product Candidates

The incidence and prevalence for target patient populations of our product candidates have not been established with precision. If the market opportunities for our product candidates are smaller than we estimate or if any approval that we obtain is based on a narrower definition of the patient population, our revenue potential and ability to achieve profitability will be adversely affected.

The total addressable market opportunity for PRT543, PRT811, PRT1419, PRT2527 and any other product candidates we may develop will ultimately depend upon, among other things, the diagnosis criteria included in the final labeling for each such product candidate if our product candidates are approved for sale for these indications, acceptance by the medical community, patient access, drug and any related companion diagnostic pricing and their reimbursement. We may initially seek regulatory approval of some of our product candidates as therapies for relapsed or refractory patients. The number of patients in our targeted commercial markets and elsewhere may turn out to be lower than expected, patients may not be otherwise amenable to treatment with our drugs, or new patients may become increasingly difficult to identify or gain access to, all of which would adversely affect our results of operations and our business.

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

If any of our product candidates receives marketing approval, it may nonetheless fail to gain sufficient market acceptance by physicians, patients, third-party payors and others in the medical community. For example, current cancer treatments, such as existing targeted therapies, chemotherapy, and radiation therapy, are well established in the medical community, and doctors may continue to rely on these treatments. If our product candidates do not achieve an adequate level

of acceptance, we may not generate significant product revenues and we may not become profitable. The degree of market acceptance of our product candidates, if approved for commercial sale, will depend on a number of factors, including:

- the efficacy and potential advantages compared to alternative treatments;
- the acceptance of our product candidates as front-line treatment for various indications;
- the prevalence and severity of any side effects, in particular compared to alternative treatments;
- limitations or warnings contained in the labeling approved for our product candidates by the FDA;
- the size of the target patient population;
- the willingness of the target patient population to try new therapies and of physicians to prescribe these therapies;
- our ability to offer our products for sale at competitive prices;
- the convenience and ease of administration compared to alternative treatments;
- the strength of marketing and distribution support;
- publicity for our product candidates and competing products and treatments;
- the existence of distribution and/or use restrictions, such as through a REMS;
- the availability of third-party payor coverage and adequate reimbursement;
- the timing of any marketing approval in relation to other product approvals;
- support from patient advocacy groups; and
- any restrictions on the use of our products together with other medications.

We currently have no marketing and sales organization and have no experience as a company in commercializing products and we may have to invest significant resources to develop these capabilities. If we are unable to establish sales and marketing capabilities or enter into agreements with third parties to market and sell our products, we may not be able to generate revenue.

We currently have no sales or marketing infrastructure and have no experience in the sale, marketing or distribution of pharmaceutical products. To achieve commercial success for any product for which we obtain marketing approval, we will need to establish sales, marketing and distribution capabilities, either ourselves or through collaboration or other arrangements with third parties.

There are risks involved with establishing our own sales and marketing capabilities. For example, recruiting and training a sales force is expensive and time-consuming and could delay any product launch. If the commercial launch of a product candidate for which we recruit a sales force and establish marketing capabilities is delayed or does not occur for any reason, we would have prematurely or unnecessarily incurred these commercialization expenses. These efforts are expected to be costly, and our investment would be lost if we cannot retain or reposition our sales and marketing personnel.

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

- our inability to recruit, train and retain adequate numbers of effective sales and marketing personnel;
- our inability to raise financing necessary to build our commercialization infrastructure;
- the inability of sales personnel to obtain access to physicians or educate an adequate number of physicians as to the benefits of our products;
- unfavorable third-party payor coverage and reimbursement in any geography;
- the lack of complementary products to be offered by sales personnel, which may put us at a competitive disadvantage relative to companies with more extensive product lines; and
- unforeseen costs and expenses associated with creating an independent sales and marketing organization.

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

We face substantial competition, which may result in others discovering, developing or commercializing products before or more successfully than we do.

The development and commercialization of pharmaceutical products is highly competitive. We face competition with respect to our current product candidates and will face competition with respect to any product candidates that we may seek to develop or commercialize in the future, from major pharmaceutical companies, specialty pharmaceutical companies and existing or emerging biotechnology companies, academic research institutions and governmental agencies and public and private research institutions worldwide. There are a number of pharmaceutical and biotechnology companies that currently are pursuing the development of precision oncology therapies optimized to effectively target the key driver mechanisms in cancers with high unmet need, including Arvinas Inc., Aurigene, Black Diamond Therapeutics, Inc., Boehringer Ingelheim, C4 Therapeutics, Constellation Pharmaceuticals, Inc., Eli Lilly and Company, F. Hoffman-La Roche, Foghorn Therapeutics Inc., Fochon Pharmaceuticals, G1 Therapeutics Inc., Genentech, Kronos Bio, Inc., Kura Oncology, Inc., Kymera Therapeutics Inc., Mirati Therapeutics Inc., Nuvation Bio Inc. Repare Therapeutics Inc., Revolution Medicines, Inc., Relay Therapeutics, Inc., Springworks Therapeutics, Inc., Syndax Pharmaceuticals, Inc., and Zentalis Pharmaceuticals, Inc. In addition, we may face competition from companies developing product candidates that are based on targeting pathways of adaptive resistance, including Amgen Inc., AbbVie Inc., AstraZeneca plc, GlaxoSmithKline plc, Ideaya Biosciences, Johnson & Johnson Services, Inc., Pfizer Inc., Tango Therapeutics, Inc., Vincerx Pharma, Inc., Novartis AG, and Gilead Sciences, Inc.

Specifically, with respect to our PRMT5 programs, PRT543 and PRT811, several companies are developing PRMT5 inhibitors with clinical trials ongoing, including Amgen (AMG193), GlaxoSmithKline (GSK3326595), Ideaya Biosciences (IDE397), Johnson & Johnson (JNJ-64619178), Pfizer (PF-06939999), and Tango Therapeutics (TNG908). For our MCL1 program, PRT1419, other companies are developing MCL1 inhibitors with monotherapy and/or combination trials ongoing, including Amgen (AMG176), AstraZeneca (AZD5991), Novartis (MIK665), and Gilead (GS-9716). For our CDK9 program, PRT2527, both AstraZeneca (AZD4573), Vincerx (VIP512), and Kronos (KB-0742) have CDK9 programs in Phase 1 clinical trials. For our CDK4/6 program, PRT3645, Novartis (ribociclib), Lilly (abemaciclib), Pfizer (palbociclib), G1 Therapeutics (G1T38), and Fochon Pharmaceuticals (FCN-437) have clinical trials ongoing. For our SMARCA2 (BRM) degrader program, other companies, including Amgen, Aurigene, C4 Therapeutics, F. Hoffmann-La Roche, Foghorn Therapeutics, Inc., Kymera Therapeutics, Arvinas, Genentech, Boehringer Ingelheim, and Lilly have publicly disclosed their pre-clinical research efforts.

Many of the companies against which we are competing or against which we may compete in the future, either alone or through collaborations, 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. 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 and other early-stage companies may also prove to be significant competitors, particularly through collaborative arrangements with large and established companies. These third parties compete with us in recruiting and retaining qualified scientific, management and sales and marketing personnel, establishing clinical trial sites and patient registration for clinical trials, as well as in acquiring technologies complementary to, or necessary for, our programs.

Furthermore, we also face competition more broadly across the oncology market for cost-effective and reimbursable cancer treatments. There are a variety of available drug therapies marketed for cancer. In many cases, these drugs are administered in combination to enhance efficacy. While our product candidates, if any are approved, may compete with these existing drugs and other therapies, to the extent they are ultimately used in combination with or as an adjunct to these therapies, our product candidates may not be competitive with them. Some of these drugs are branded and subject to patent

protection, and others are available on a generic basis. Insurers and other third-party payors may also encourage the use of generic products or specific branded products. As a result, obtaining market acceptance of, and gaining significant share of the market for, any of our product candidates that we successfully introduce to the market may pose challenges. In addition, many companies are developing new oncology therapeutics, and we cannot predict what the standard of care will be as our product candidates progress through clinical development.

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 to administer, are less expensive or with a more favorable labeling than our current or future product candidates. Our competitors also may obtain FDA, foreign regulatory authority, or other marketing or regulatory approval for their products more rapidly than any approval we may obtain for ours, which could result in our competitors establishing a strong market position before we are able to enter the market. The key competitive factors affecting the success of all of our product candidates, if approved, are likely to be their efficacy, safety, convenience, price, the level of generic competition and the availability of reimbursement from government and other third-party payors.

Even if we are able to commercialize any product candidates, the products 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, coverage and reimbursement for new drug products vary widely from country to country. Current and 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. To obtain reimbursement or pricing approval in some countries, we may be required to conduct a clinical trial that compares the cost- effectiveness of our product candidate to other available therapies. In some foreign markets, prescription pharmaceutical pricing remains subject to continuing governmental control even after initial approval is granted. As a result, we might obtain marketing approval for a product candidate in a particular country, but then be subject to price regulations that delay our commercial launch of the product, possibly for lengthy time periods, and negatively impact the revenues, if any, 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 such product candidates obtain marketing approval.

Our ability to commercialize any product candidates successfully also will depend in part on the extent to which coverage and adequate reimbursement for these products and related treatments will be available from third-party payors, including government healthcare programs, private health insurers and other organizations. Third-party payors decide which medications they will pay for and establish reimbursement levels. In the United States, the principal decisions about reimbursement for new medicines are typically made by the CMS, which decides whether and to what extent a new medicine will be covered and reimbursed under Medicare. Private payors often, but not always, follow CMS's decisions regarding coverage and reimbursement.

A primary trend in the U.S. healthcare industry and elsewhere is cost containment. Third-party payors have attempted to control costs by limiting coverage and the amount of reimbursement for particular medications. 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. Coverage and reimbursement may not be available for any product that we commercialize and, even if these are available, the level of reimbursement may not be satisfactory. Reimbursement may affect the demand for, or the price of, any product candidate for which we obtain marketing approval. Obtaining and maintaining coverage and adequate reimbursement for our products may be difficult. We may be required to conduct expensive pharmacoeconomic studies to justify coverage and reimbursement or the level of reimbursement relative to other therapies. If coverage and adequate reimbursement are not available or reimbursement is available only to limited levels, we may not be able to successfully commercialize any product candidate for which we obtain marketing approval.

Additionally, we may develop, either by ourselves or with collaborators, companion diagnostic tests for our product candidates for certain indications. We, or our collaborators, if any, will be required to obtain coverage and reimbursement for these tests separate and apart from the coverage and reimbursement we seek for our product candidates, once approved. While we have not yet developed any companion diagnostic test for our product candidates, if we do, there is significant

uncertainty regarding our ability to obtain coverage and adequate reimbursement for the same reasons applicable to our product candidates.

There may also be significant delays in obtaining coverage and reimbursement for newly approved drugs, and coverage may be more limited than the purposes for which the drug is approved by the FDA or similar regulatory authorities outside of the United States. Moreover, eligibility for coverage and reimbursement does not imply that a drug will be paid for in all cases or at a rate that covers our costs, including research, development, intellectual property, manufacture, sale and distribution expenses. 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, but also have their own methods and approval process apart from Medicare determinations. Our inability to promptly obtain coverage and adequate reimbursement rates from third-party payors for any approved products that we develop could have a material adverse effect on our operating results, our ability to raise capital needed to commercialize products and our overall financial condition.

Product liability lawsuits against us could cause us to incur substantial liabilities and to limit commercialization of any products that we may develop.

We face an inherent risk of product liability exposure related to the testing of our product candidates in human clinical trials and will face an even greater risk if we commercialize any products that we may develop. If we cannot successfully defend ourselves against any claims that our product candidates or products caused injuries, we will incur substantial liabilities. Regardless of merit or eventual outcome, liability claims may result in:

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

Our current product liability insurance coverage for the United States and certain other jurisdictions may not be adequate to cover all liabilities that we may incur. We likely will need to increase our insurance coverage as we expand our clinical trials or if we commence commercialization of our product candidates. Insurance coverage is increasingly expensive. We may not be able to maintain insurance coverage at a reasonable cost or in an amount adequate to satisfy any liability that may arise. A successful product liability claim or series of claims brought against us could decrease our cash and adversely affect our business and financial condition.

Risks Related to Employee Matters and Our Operations

Our future success depends on our ability to retain key employees and to attract, retain and motivate qualified personnel and manage our human capital.

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 the development and management expertise of Kris Vaddi, Ph.D., our founder and Chief Executive Officer, as well as the

other principal members of our management, scientific and clinical team. We currently do not maintain key person insurance on these individuals. Although we have entered into employment agreements with our executive officers, each of them may terminate their employment with us at any time.

Our industry has experienced a high rate of turnover in recent years. Our ability to compete in the highly competitive pharmaceuticals industry depends upon our ability to attract, retain and motivate highly skilled and experienced personnel with scientific, clinical, regulatory, manufacturing and management skills and experience. We conduct our operations in the greater Delaware area, a region that is home to other pharmaceutical companies as well as many academic and research institutions and in addition, the COVID-19 pandemic has increased companies' willingness to hire remote workers, resulting in fierce competition for qualified personnel. We may not be able to attract or retain qualified personnel in the future due to the intense competition for a limited number of qualified personnel among pharmaceutical companies. Many of the other pharmaceutical companies against which we compete have greater financial and other resources, different risk profiles and a longer history in the industry than we do. Our competitors may provide higher compensation, more diverse opportunities and/or better opportunities for career advancement. Any or all of these competing factors may limit our ability to continue to attract and retain high quality personnel, which could negatively affect our ability to successfully develop and commercialize our product candidates and to grow our business and operations as currently contemplated.

We expect to expand our development and regulatory capabilities and potentially implement sales, marketing and distribution capabilities, and as a result, we may encounter difficulties in managing our growth, which could disrupt our operations.

As of December 31, 2021, we had 116 full-time employees. We expect significant growth in the number of our employees and the scope of our operations, particularly in the areas of clinical development, clinical operations, manufacturing, regulatory affairs and, if any of our product candidates receives marketing approval, sales, marketing and distribution. To manage our anticipated future growth, we must continue to implement and improve our managerial, operational and financial systems, expand our facilities and continue to recruit and train additional qualified personnel. Due to our limited financial resources and the limited experience of our management team in managing a company with such anticipated growth and with developing sales, marketing and distribution infrastructure, we may not be able to effectively manage the expansion of our operations or recruit and train additional qualified personnel. The expansion of our operations may lead to significant costs and may divert our management and business development resources.

Further, we currently rely, and for the foreseeable future will continue to rely, in substantial part on certain third-party contract organizations, advisors and consultants to provide certain services, including assuming substantial responsibilities for the conduct of our clinical trials and the manufacture of PRT543, PRT811, PRT1419 and PRT2527, or any future product candidates. We cannot assure you that the services of such third-party contract 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 our vendors or consultants is compromised for any reason, our clinical trials may be extended, delayed or terminated, and we may not be able to obtain marketing approval of PRT543, PRT811, PRT1419, PRT2527 or any future product candidates or otherwise advance our business. We cannot assure you that we will be able to properly manage our existing vendors or consultants or find other competent outside vendors and consultants on economically reasonable terms, or at all.

If we are not able to effectively manage growth and expand our organization, we may not be able to successfully implement the tasks necessary to further develop and commercialize PRT543, PRT811, PRT1419 or PRT2527, our other pipeline product candidates or any future product candidates and, accordingly, may not achieve our research, development and commercialization goals.

Our employees, clinical trial investigators, CROs, CMOs, consultants, vendors and any potential commercial partners may engage in misconduct or other improper activities, including non-compliance with regulatory standards and requirements and insider trading.

We are exposed to the risk of fraud or other misconduct by our employees, clinical trial investigators, CROs, CMOs, consultants, vendors and any potential commercial partners. Misconduct by these parties could include intentional, reckless and/or negligent conduct or disclosure of unauthorized activities to us that violates: (i) FDA regulations or those of comparable foreign regulatory authorities, including those laws that require the reporting of true,

complete and accurate information, (ii) manufacturing standards, (iii) federal and state health and data privacy, security, fraud and abuse, government price reporting, transparency reporting requirements, and other healthcare laws and regulations in the United States and abroad, (iv) sexual harassment and other workplace misconduct, or (v) laws that require the true, complete and accurate reporting of financial information or data. Such misconduct could also involve the improper use of information obtained in the course of clinical trials, which could result in regulatory sanctions and cause serious harm to our reputation.

We have adopted a code of conduct applicable to all of our employees, as well as a disclosure program and other applicable policies and procedures, but it is not always possible to identify and deter employee misconduct, and the precautions we take to detect and prevent this activity may not be effective in controlling unknown or unmanaged risks or losses or in protecting us from governmental investigations or other actions or lawsuits stemming from a failure to comply with these laws or regulations. If any such actions are instituted against us, and we are not successful in defending ourselves or asserting our rights, those actions could have a significant impact on our business, including the imposition of significant civil, criminal and administrative penalties, damages, fines, disgorgement, imprisonment, exclusion from government funded healthcare programs, such as Medicare, Medicaid and other federal healthcare programs, contractual damages, reputational harm, diminished profits and future earnings, additional integrity reporting and oversight obligations, and the curtailment or restructuring of our operations, any of which could adversely affect our ability to operate our business and our results of operations.

Our internal information technology systems, or those of our third-party CROs, CMOs, or other vendors, contractors or consultants, may fail or suffer security breaches, cyber-attacks, loss or leakage of data and other disruptions, which could result in a material disruption of our development programs, compromise sensitive information related to our business or prevent us from accessing critical information, potentially exposing us to liability or otherwise adversely affecting our business.

We are increasingly dependent upon information technology systems, infrastructure and data to operate our business. In the ordinary course of business, we collect, store and transmit confidential information (including but not limited to intellectual property, proprietary business information and personal information). It is critical that we do so in a secure manner to maintain the confidentiality and integrity of such confidential information. We also have outsourced elements of our operations to third parties, and as a result we manage a number of third-party CROs, CMOs, vendors, and other contractors and consultants who have access to our confidential information. Our internal information technology systems and infrastructure are also vulnerable to damage from natural disasters, terrorism, war, telecommunication and electrical failures. System failures or outages, including any potential disruptions due to significantly increased global demand on certain cloud-based systems during the COVID-19 pandemic, could compromise our ability to perform these functions in a timely manner, which could harm our ability to conduct business or delay our financial reporting. Such failures could materially adversely affect our operating results and financial condition.

Despite the implementation of security measures, given their size and complexity and the increasing amounts of confidential information that they maintain, our internal information technology systems and those of our third-party CROs, CMOs, vendors and other contractors and consultants are potentially vulnerable to breakdown or other damage or interruption from service interruptions, system malfunction, accidents by our employees or third party service providers, natural disasters, terrorism, war and telecommunication and electrical failures, as well as security breaches from inadvertent or intentional actions by our employees, third-party CROs, CMOs, vendors, contractors, consultants, business partners and/or other third parties, or from cyber-attacks by malicious third parties (including the deployment of harmful malware, ransomware, denial-of-service attacks, social engineering and other means to affect service reliability and threaten the confidentiality, integrity and availability of information), which may compromise our system infrastructure, or that of our third-party CROs, CMOs, vendors and other contractors and consultants, or lead to data leakage. The risk of a security breach or disruption, particularly through cyber-attacks or cyber intrusion, including by computer hackers, foreign governments, and cyber terrorists, has generally increased as the number, intensity and sophistication of attempted attacks and intrusions from around the world have increased. The COVID-19 pandemic is generally increasing the attack surface available for exploitation, as more companies and individuals work online and work remotely, and as such, the risk of a cybersecurity incident potentially occurring, and our investment in risk mitigations against such an incident, is increasing. For example, there has been an increase in phishing and spam emails as well as social engineering attempts from “hackers” hoping to use the COVID-19 pandemic to their advantage. We may not be able to anticipate all types of security threats, nor may we be able to implement preventive measures effective against all such security threats. The techniques used by cyber

criminals change frequently, may not be recognized until launched and can originate from a wide variety of sources, including outside groups such as external service providers, organized crime affiliates, terrorist organizations or hostile foreign governments or agencies. To the extent that any disruption or security breach were to result in a loss of, or damage to, our data or applications, or those of our third-party CROs, CMOs, vendors and other contractors and consultants, or inappropriate disclosure of confidential or proprietary information, we could incur liability and reputational damage and the further development and commercialization of PRT543, PRT811, PRT1419, PRT2527 or any future product candidates could be delayed. Any breach, loss or compromise of clinical trial participant personal data may also subject us to civil fines and penalties, including under HIPAA, and other relevant state and federal privacy laws in the United States. The costs related to significant security breaches or disruptions could be material and exceed the limits of the cybersecurity insurance we maintain against such risks. If the information technology systems of our third-party CROs, CMOs, vendors and other contractors and consultants become subject to disruptions or security breaches, we may have insufficient recourse against such third parties and we may have to expend significant resources to mitigate the impact of such an event, and to develop and implement protections to prevent future events of this nature from occurring.

While we have not experienced any such system failure, accident or security breach to date, and believe that our data protection efforts and our investment in information technology reduce the likelihood of such incidents in the future, we cannot assure you that our data protection efforts and our investment in information technology will prevent significant breakdowns, data leakages, breaches in our systems, or those of our third-party CROs, CMOs, vendors and other contractors and consultants, or other cyber incidents that could have a material adverse effect upon our reputation, business, operations or financial condition. For example, if such an event were to occur and cause interruptions in our operations, or those of our third-party CROs, CMOs, vendors and other contractors and consultants, it could result in a material disruption of our programs and the development of our product candidates could be delayed. In addition, the loss of clinical trial data for PRT543, PRT811, PRT1419, PRT2527 or any other product candidates could result in delays in our marketing approval efforts and significantly increase our costs to recover or reproduce the data. Furthermore, significant disruptions of our internal information technology systems or those of our third-party CROs, CMOs, vendors and other contractors and consultants, or security breaches could result in the loss, misappropriation and/or unauthorized access, use, or disclosure of, or the prevention of access to, confidential information (including trade secrets or other intellectual property, proprietary business information and personal information), which could result in financial, legal, business and reputational harm to us. For example, any such event that leads to unauthorized access, use, or disclosure of personal information, including personal information regarding our clinical trial subjects or employees, could harm our reputation directly, compel us to comply with federal and/or state breach notification laws and foreign law equivalents, subject us to mandatory corrective action, and otherwise subject us to liability under laws and regulations that protect the privacy and security of personal information, which could result in significant legal and financial exposure and reputational damages that could potentially have an adverse effect on our business.

Failure to comply with health and data protection laws and regulations could lead to government enforcement actions (which could include civil or criminal penalties), private litigation and/or adverse publicity and could negatively affect our operating results and business.

We and any potential collaborators may be subject to federal, state and foreign data protection laws and regulations (i.e., laws and regulations that address privacy and data security). In the United States, numerous federal and state laws and regulations, including federal health information privacy laws, state data breach notification laws, state health information privacy laws and federal and state consumer protection laws (e.g., Section 5 of the Federal Trade Commission Act), that govern the collection, use, disclosure and protection of health-related and other personal information could apply to our operations or the operations of our collaborators. In addition, we may obtain health information from third parties (including research institutions from which we obtain clinical trial data) that are subject to privacy and security requirements under HIPAA, as amended by HITECH. Depending on the facts and circumstances, we could be subject to criminal penalties if we knowingly obtain, use, or disclose individually identifiable health information maintained by a HIPAA-covered entity in a manner that is not authorized or permitted by HIPAA.

International data protection laws, including Regulation 2016/679, known as the General Data Protection Regulation, or GDPR, may also apply to health-related and other personal information obtained outside of the United States. The GDPR went into effect on May 25, 2018. The GDPR introduced new data protection requirements in the EU, as well as potential fines for noncompliant companies of up to the greater of €20 million or 4% of annual global revenue. The regulation imposes numerous new requirements for the collection, use and disclosure of personal information, including more stringent requirements relating to consent and the information that must be shared with data subjects about how their

personal information is used, the obligation to notify regulators and affected individuals of personal data breaches, extensive new internal privacy governance obligations and obligations to honor expanded rights of individuals in relation to their personal information (e.g., the right to access, correct and delete their data). In addition, the GDPR includes restrictions on cross-border data transfer. The GDPR will increase our responsibility and liability in relation to personal data that we process, and we may be required to put in place additional mechanisms to ensure compliance with the new EU data protection rules. In addition, the GDPR prohibits the transfer of personal data to countries outside of the European Economic Area, or EEA, such as the United States, which are not considered by the European Commission to provide an adequate level of data protection. Switzerland has adopted similar restrictions. Although there are legal mechanisms to allow for the transfer of personal data from the EEA and Switzerland to the United States, they are subject to pending legal challenges that, if successful, could invalidate these mechanisms, restrict our ability to process personal data of Europeans outside of Europe and adversely impact our business. For example, in July 2020, the European Courts of Justice invalidated the EU-U.S. Privacy Shield, which enabled the transfer of personal data from EU to the U.S. for companies that had self-certified to the Privacy Shield. On August 10, 2020, the U.S. Department of Commerce and the European Commission announced new discussions to evaluate the potential for an enhanced EU-U.S. Privacy Shield framework to comply with the July 16 judgment of the Court of Justice. While the Court of Justice upheld the use of other data transfer mechanisms, such as the Binding Corporate Rules, the decision has led to some uncertainty regarding the use of such mechanisms for data transfers to the United States, and the court made clear that reliance on Binding Corporate Rules alone may not necessarily be sufficient in all circumstances. Use of the data transfer mechanisms must now be assessed on a case-by-case basis taking into account the legal regime applicable in the destination country, in particular applicable surveillance laws and rights of individuals. The European Data Protection Board issued additional guidance regarding the Court of Justice's decision on November 11, 2020 which imposes higher burdens on the use of data transfer mechanisms, such as the Binding Corporate Rules, for cross-border data transfers. To comply with this guidance, we may need to implement additional safeguards to further enhance the security of data transferred out of the European Economic Area, which could increase our compliance costs, expose us to further regulatory scrutiny and liability, and adversely affect our business. To the extent that we were to rely on Privacy Shield, we will not be able to do so in the future, which could increase our costs and our ability to efficiently process personal data from the EU.

Further, Brexit has created uncertainty with regard to data protection regulation in the United Kingdom. In particular, while the Data Protection Act of 2018, that "implements" and complements the GDPR achieved Royal Assent on May 23, 2018 and is now effective in the United Kingdom, it is still unclear whether transfer of data from the EEA to the United Kingdom will remain lawful under GDPR. Beginning in 2021, the United Kingdom became a "third country" under the GDPR. We may, however, incur liabilities, expenses, costs, and other operational losses under GDPR and applicable EU Member States and the United Kingdom privacy laws in connection with any measures we take to comply with them.

In addition, the state of California recently enacted the California Consumer Privacy Act, or CCPA, which creates new individual privacy rights for California consumers (as defined in the CCPA) and places increased privacy and security obligations on entities handling certain personal data of consumers or households. The CCPA requires covered companies to provide new disclosure to consumers about such companies' data collection, use and sharing practices, provide such consumers new ways to opt-out of certain sales or transfers of personal information, and provide consumers with additional causes of action. The CCPA went into effect on January 1, 2020 and became enforceable by the California Attorney General on July 1, 2020, along with related regulations which came into force on August 14, 2020 and may impact our business activities and exemplifies the vulnerability of our business to the evolving regulatory environment related to personal data and protected health information. Additionally, although not effective until January 1, 2023, the California Privacy Rights Act (the "CPRA"), which expands upon the CCPA, was passed in the election on November 3, 2020. The CCPA gives (and the CPRA will give) California residents expanded privacy rights, including the right to request correction, access, and deletion of their personal information, the right to opt out of certain personal information sharing, and the right to receive detailed information about how their personal information is processed. The CCPA and CPRA provide for unlimited civil penalties for violations, as well as a private right of action for data breaches that is expected to increase data breach litigation. The CCPA and CPRA may increase our compliance costs and potential liability, particularly in the event of a data breach. Additionally, the CCPA has prompted a number of proposals in the U.S. for new federal and state-level privacy legislation that, if passed, could increase our potential liability, increase our compliance costs, and adversely affect our business. Other states are also seeking to regulate consumer privacy stringently, and both Virginia and Colorado signed comprehensive privacy legislation in 2021. These laws (the Virginia Consumer Data Protection Act and the Colorado Privacy Act) are set to come into force in 2023 and a number of other state legislatures are actively considering passing similar consumer privacy laws, including those in New York and Washington.

Compliance with U.S. and international data protection laws and regulations could require us to take on more onerous obligations in our contracts, restrict our ability to collect, use and disclose data, or in some cases, impact our ability to operate in certain jurisdictions. Failure to comply with U.S. and international data protection laws and regulations could result in government enforcement actions (which could include civil, criminal, and administrative penalties), private litigation and/or adverse publicity and could negatively affect our operating results and business. Moreover, clinical trial subjects about whom we or our potential collaborators obtain information, as well as the providers who share this information with us, may contractually limit our ability to use and disclose the information. Claims that we have violated individuals' privacy rights, failed to comply with data protection laws, or breached our contractual obligations, even if we are not found liable, could be expensive and time consuming to defend and could result in adverse publicity that could harm our business.

We or the third parties upon whom we depend may be adversely affected by natural disasters and our business continuity and disaster recovery plans may not adequately protect us from a serious disaster.

Our company is located in Delaware. Any unplanned event, such as flood, fire, explosion, earthquake, extreme weather condition, medical epidemic, including the COVID-19 pandemic, power shortage, telecommunication failure or other natural or manmade accidents or incidents that result in us being unable to fully utilize our facilities, or the manufacturing facilities of our third-party CMOs, may have a material and adverse effect on our ability to operate our business, particularly on a daily basis, and have significant negative consequences on our financial and operating conditions. For example, our operations are concentrated primarily on the east coast of the United States, and any adverse weather event or natural disaster, such as a hurricane or heavy snowstorm, could have a material adverse effect on a substantial portion of our operations. Extreme weather conditions or other natural disasters could further disrupt our operations, and have a material and adverse effect on our business, financial condition, results of operations and prospects. In addition, the long-term effects of climate change on general economic conditions and the pharmaceutical industry in particular are unclear, and may heighten or intensify existing risk of natural disasters. If a natural disaster, power outage or other event occurred that prevented us from using all or a significant portion of our headquarters, that damaged critical infrastructure, such as our research facilities or the manufacturing facilities of our third-party CMOs, or that otherwise disrupted operations, it may be difficult or, in certain cases, impossible, for us to continue our business for a substantial period of time. The disaster recovery and business continuity plans we have in place may prove inadequate in the event of a serious disaster or similar event. We may incur substantial expenses as a result of the limited nature of our disaster recovery and business continuity plans, which could have a material adverse effect on our business. As part of our risk management policy, we maintain insurance coverage at levels that we believe are appropriate for our business. However, in the event of an accident or incident at these facilities, we cannot assure you that the amounts of insurance will be sufficient to satisfy any damages and losses. If our facilities, or the manufacturing facilities of our third-party CMOs, are unable to operate because of an accident or incident or for any other reason, even for a short period of time, any or all of our research and development programs may be harmed. Any business interruption could have a material and adverse effect on our business, financial condition, results of operations and prospects.

Changes in tax laws or regulations that are applied adversely to us may have a material adverse effect on our business, cash flow, financial condition or results of operations.

New income, sales, use or other tax laws, statutes, rules, regulations or ordinances could be enacted at any time, which could adversely affect our business operations and financial performance. Further, existing tax laws, statutes, rules, regulations or ordinances could be interpreted, changed, modified or applied adversely to us. For example, the Tax Cuts and Jobs Act, enacted many significant changes to the U.S. tax laws. Future guidance from the Internal Revenue Service and other tax authorities with respect to the Tax Cuts and Jobs Act may affect us, and certain aspects of the Tax Cuts and Jobs Act could be repealed or modified in future legislation. For example, the CARES Act modified certain provisions of the Tax Cuts and Jobs Act. In addition, it is uncertain if and to what extent various states will conform to the Tax Cuts and Jobs Act, the CARES Act, or any newly enacted federal tax legislation. Changes in corporate tax rates, the realization of net deferred tax assets relating to our operations, the taxation of foreign earnings, and the deductibility of expenses under the Tax Cuts and Jobs Act, the CARES Act or future reform legislation could have a material impact on the value of our deferred tax assets, could result in significant one-time charges, and could increase our future U.S. tax expense.

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

We have incurred substantial losses during our history and do not expect to become profitable in the near future, and we may never achieve profitability. Unused losses incurred in taxable years beginning on or prior to December 31, 2017, will carry forward to offset future taxable income, if any, until such unused losses expire. Under the Tax Cuts and Jobs Act, as modified by the CARES Act, unused U.S. federal net operating losses generated in tax years beginning after December 31, 2017, will not expire and may be carried forward indefinitely but the deductibility of such federal net operating losses (particularly those generated in taxable years beginning after December 31, 2020) in taxable years beginning after December 31, 2020, is limited to 80% of current year taxable income. It is uncertain if and to what extent various states will conform to the Tax Cuts and Jobs Act or the CARES Act. In addition, both our current and our future unused losses and other tax attributes may be subject to limitation under Sections 382 and 383 of the Internal Revenue Code of 1986, as amended (the Code) if we undergo, or have undergone, an "ownership change," generally defined as a greater than 50 percentage point change (by value) in our equity ownership by certain stockholders over a three-year period. We have not completed a Section 382 study to assess whether an ownership change has occurred or whether there have been multiple ownership changes since our formation due to the complexity and cost associated with such a study and the fact that there may be additional ownership changes in the future. As a result, our net operating loss carryforwards generated in taxable years beginning on or before December 31, 2017, may expire prior to being used, and the deductibility of our net operating loss carryforwards generated in taxable years beginning after December 31, 2017 in taxable years beginning after December 31, 2020, may be limited, and, if we undergo an ownership change (or if we previously underwent such an ownership change), our ability to use all of our pre-change net operating loss carryforwards and other pre-change tax attributes (such as research tax credits) to offset our post-change income or taxes may be limited. Similar provisions of state tax law may also apply to limit our use of accumulated state tax attributes. In addition, at the state level, there may be periods during which the use of net operating losses is suspended or otherwise limited, which could accelerate or permanently increase state taxes owed. As a result, even if we attain profitability, we may be unable to use all or a material portion of our net operating losses and other tax attributes, which could adversely affect our future cash flows.

We may engage in strategic transactions that could impact our liquidity, increase our expenses and present significant distractions to our management.

From time to time, we may consider strategic transactions, such as acquisitions of companies, businesses or assets and out-licensing or in-licensing of products, product candidates or technologies. Additional potential transactions that we may consider include a variety of different business arrangements, including spin-offs, strategic partnerships, joint ventures, restructurings, divestitures, business combinations and investments. Any such transaction may require us to incur non-recurring or other charges, may increase our near term or long-term expenditures and may pose significant integration challenges or disrupt our management or business, which could adversely affect our operations and financial results. For example, these transactions may entail numerous operational and financial risks, including:

- exposure to unknown liabilities;
- disruption of our business and diversion of our management's time and attention in order to develop acquired products, product candidates or technologies;
- incurrence of substantial debt or dilutive issuances of equity securities to pay for acquisitions;
- higher than expected acquisition and integration costs;
- write-downs of assets or goodwill or impairment charges;
- increased amortization expenses;
- difficulty and cost in combining the operations, systems and personnel of any acquired businesses with our operations, systems and personnel;
- impairment of relationships with key suppliers or customers of any acquired businesses due to changes in management and ownership; and
- inability to retain key employees of any acquired businesses.

Our portfolio of investments may be subject to market, interest and credit risk that may reduce its value.

The value of our investments may decline due to increases in interest rates, downgrades of the bonds and other securities included in our commercial money market account portfolio and instability in the global financial markets that reduces the liquidity of securities included in our portfolio. In addition, the COVID-19 pandemic has and may continue to adversely affect the financial markets in some or all countries worldwide. Each of these events may cause us to record charges to reduce the carrying value of our investment portfolio or sell investments for less than our acquisition cost. Although we attempt to mitigate these risks through diversification of our investments and continuous monitoring of our portfolio's overall risk profile, the value of our investments may nevertheless decline.

Risks Related to Intellectual Property

If we are unable to obtain and maintain sufficient patent protection for our product candidates, or if the scope of the patent protection is not sufficiently broad, third parties, including our competitors, could develop and commercialize products similar or identical to ours, and our ability to commercialize our product candidates successfully may be adversely affected.

Our success depends in large part on our ability to protect our proprietary technologies that we believe are important to our business, including pursuing, obtaining and maintaining patent protection in the United States and other countries intended to cover the compositions of matter of our product candidates, for example, PRT543, PRT811, PRT1419 and PRT2527, their methods of use, related technologies and other inventions that are important to our business. In addition to patent protection, we also rely on trade secrets to protect aspects of our business that are not amenable to, or that we do not consider appropriate for, patent protection. If we do not adequately pursue, obtain, maintain, protect or enforce our intellectual property, third parties, including our competitors, may be able to erode or negate any competitive advantage we may have, which could harm our business and ability to achieve profitability.

To protect our proprietary position, we have currently filed patent applications in the United States related to our product candidates that we consider important to our business, including patent applications relating to compositions of matter covering our compounds, the processes for manufacturing such compounds and use of such compounds in therapies. We have also filed patent applications in foreign jurisdictions relating to PRT543, PRT811, and PRT1419.

The patent application and approval process is expensive, time-consuming and complex. We may not be able to file, prosecute and maintain all necessary or desirable patent applications at a reasonable cost or in a timely manner or in all jurisdictions. We also cannot predict whether the patent applications we are currently pursuing will issue as patents in any particular jurisdictions. It is also possible that we will fail to identify patentable aspects of our research and development output before it is too late to obtain patent protection. Moreover, depending on the terms of any future license agreements to which we may become a party, we may not have the right to control the preparation, filing, and prosecution of patent applications, or to maintain the patents, covering technology licensed from third parties. Therefore, these patents and patent applications may not be prosecuted and enforced in a manner consistent with the best interests of our business.

Furthermore, the patent position of biotechnology and pharmaceutical companies generally is highly uncertain. No consistent policy regarding the breadth of claims allowed in biotechnology and pharmaceutical patents has emerged to date in the United States or in many foreign jurisdictions. The standards applied by the United States Patent and Trademark Office, or the USPTO, and foreign patent offices in granting patents are not always applied uniformly or predictably. In addition, the determination of patent rights with respect to biological and pharmaceutical products commonly involves complex legal and factual questions, which have in recent years been the subject of much litigation. As a result, the issuance, scope, validity, enforceability and commercial value of our patent rights are highly uncertain. Thus, we cannot offer any assurances about which, if any, patents will issue, the breadth of any such patents, whether any issued patents will be found invalid and unenforceable or will be threatened by third parties or whether any issued patents will effectively prevent others from commercializing competing technologies and product candidates. While we have filed patent applications covering aspects of our current product candidates, we currently have only one issued U.S. patent covering PRT543 that is expected to expire no earlier than August 9, 2038, one issued U.S. patent covering PRT811 that is expected to expire no earlier than March 14, 2039; and one issued U.S. patent covering PRT1419 that is expected to expire no earlier than November 8, 2039. We do not yet have issued patents on all of our product candidates.

Our pending patent applications cannot be enforced against third parties practicing the technology claimed in such applications unless and until at least one patent issues from such applications. Assuming the other requirements for patentability are met, currently, the first to file a patent application is generally entitled to the patent. However, prior to March 16, 2013, in the United States, the first to invent was entitled to the patent. 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. Since patent applications in the United States and most other countries are confidential for a period of time after filing, and some remain so until issued, we cannot be certain that we were the first to file or invent (prior to March 16, 2013) any patent application related to our product candidates. In addition, we enter into non-disclosure and confidentiality agreements with parties who have access to confidential or patentable aspects of our research and development output, such as our employees, collaborators, CROs, CMOs, hospitals, independent treatment centers, consultants, independent contractors, suppliers, advisors and other third parties; however, 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. Furthermore, if third parties have filed patent applications related to our product candidates or technology, we may not be able to obtain our own patent rights to those product candidates or technology.

Moreover, because the issuance of a patent is not conclusive as to its inventorship, scope, validity or enforceability, our patents or pending patent applications may be challenged in the courts or patent offices in the United States and abroad. For example, we may be subject to a third-party pre-issuance submission of prior art to the USPTO or become involved in post-grant review procedures, oppositions, derivations, revocation, reexaminations, inter partes review or interference proceedings, in the United States or elsewhere, challenging our patent rights or the patent rights of others. An adverse determination in any such submission, proceeding or litigation could reduce the scope of, or invalidate, our patent rights, allow third parties to commercialize our technology or products and compete directly with us, without payment to us, or result in our inability to manufacture or commercialize products without infringing third-party rights. Moreover, we may have to participate in interference proceedings declared by the USPTO to determine priority of invention or in post-grant challenge proceedings, such as oppositions in a foreign patent office, that challenge priority of invention or other features of patentability. Such challenges may result in loss of exclusivity or in our patent claims being narrowed, invalidated or held unenforceable, in whole or in part, 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 of our technology and products. Such challenges also may result in substantial cost and require significant time from our scientists and management, even if the eventual outcome is favorable to us. Any of the foregoing could have a material adverse effect on our business, financial condition, results of operations, and prospects.

In addition, given the amount of time required for the development, testing and regulatory review of new product candidates, our 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 sufficient rights to exclude others from commercializing products similar or identical to ours. Moreover, some of our patents and patent applications may in the future be co-owned with third parties. If we are unable to obtain an exclusive license to any such third-party co-owners' interest in such patents or patent applications, 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. 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 pending and future patent applications may not result in patents being issued that protect our product candidates, in whole or in part, or which effectively prevent others from commercializing competitive products. Changes in either the patent laws or interpretation of the patent laws in the United States and other countries may diminish the value of our patents or narrow the scope of our patent protection. In addition, the laws of foreign countries may not protect our rights to the same extent or in the same manner as the laws of the United States. For example, European patent law restricts the patentability of methods of treatment of the human body more than United States law does.

Even if our patent applications issue as patents, they may not issue in a form that will provide us with any meaningful protection, prevent competitors or other third parties from competing with us or otherwise provide us with any competitive advantage. 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. Consequently, we do not know whether any of our product candidates

will be protectable or remain protected by valid and enforceable patents. Our competitors and other third parties may be able to circumvent our patents by developing similar or alternative technologies or products in a non-infringing manner. Our competitors and other third parties may also seek approval to market their own products similar to or otherwise competitive with our products. Alternatively, our competitors or other third parties may seek to market generic versions or "follow-on" versions of any approved products by submitting abbreviated new drug applications, or ANDAs, or new drug applications under Section 505(b)(2) of the FDCA, respectively, to the FDA during which they may claim that patents owned by us are invalid, unenforceable or not infringed. In these circumstances, we may need to defend or assert our patents, or both, including by filing lawsuits alleging patent infringement. In any of these types of proceedings, a court or other agency with jurisdiction may find our patents invalid or unenforceable, or that our competitors are competing in a non-infringing manner. Thus, even if we have valid and enforceable patents, these patents still may not provide protection against competing products or processes sufficient to achieve our business objectives. Any of the foregoing could have a material adverse effect on our competitive position, business, financial conditions, results of operations, and prospects.

Furthermore, future patents may be subject to a reservation of rights by one or more third parties. For example, to the extent the research resulting in future patent rights or technologies is funded in the future in part by the U.S. government, the government could have certain rights in any resulting patents and technology, including a non-exclusive license authorizing the government to use the invention or to have others use the invention on its behalf for non-commercial purposes. If the U.S. government then decides to exercise these rights, it is not required to engage us as its contractor in connection with doing so. These rights may also permit the government to disclose our confidential information to third parties and to exercise march-in rights to use or allow third parties to use our licensed technology. The government may also exercise its march-in rights if it determines that action is necessary because we failed to achieve practical application of the government-funded technology, because action is necessary to alleviate health or safety needs, to meet requirements of federal regulations, or to give preference to U.S. industry. In addition, our rights in such government-funded inventions may be subject to certain requirements to manufacture products embodying such inventions in the United States. Any exercise by the government of aforementioned proprietary rights could harm our competitive position, business, financial condition, results of operations, and prospects.

Changes to the patent law in the United States and other jurisdictions could diminish the value of patents in general, thereby impairing our ability to protect our products.

As is the case with other pharmaceutical companies, our success is heavily dependent on intellectual property, particularly patents. Obtaining and enforcing patents in the pharmaceutical industry involves both technological and legal complexity and is therefore costly, time consuming and inherently uncertain. 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. Recent patent reform legislation in the United States and other countries, including the Leahy-Smith America Invents Act, or the Leahy-Smith Act, signed into law in September 2011, could increase those uncertainties and costs. The Leahy-Smith Act includes a number of significant changes to U.S. patent law. These include provisions that affect the way patent applications are prosecuted, redefine prior art and provide more efficient and cost-effective avenues for competitors to challenge the validity of patents. For example, the Leahy-Smith Act allows 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. In addition, the Leahy-Smith Act has transformed the U.S. patent system from a "first-to-invent" system to a "first-to-file" system in which, assuming that other requirements for patentability are met, the first inventor to file a patent application will be entitled to the patent on an invention regardless of whether a third party was the first to invent the claimed invention. The first-to-file provisions, however, only became effective on March 16, 2013. It is not yet clear what, if any, impact the Leahy-Smith Act will have on the operation of our business. However, the Leahy-Smith Act and its implementation could make it more difficult to obtain patent protection for our inventions and increase the uncertainties and costs surrounding the prosecution of our or our future collaboration partners' patent applications and the enforcement or defense of our or our future collaboration partners' issued patents, all of which could harm our business, results of operations, financial condition and prospects.

In addition, the patent positions of companies in the development and commercialization of biologics and pharmaceuticals are particularly uncertain. The U.S. Supreme Court has ruled on several patent cases in recent years, either narrowing the scope of patent protection available in certain circumstances or weakening the rights of patent owners in certain situations. This combination of events has created uncertainty with respect to the validity and enforceability of patents, once obtained. Additionally, there have been recent proposals for additional changes to the patent laws of the United

States and other countries that, if adopted, could impact our ability to enforce our proprietary technology. Depending on future actions by the U.S. Congress, the U.S. courts, the USPTO and the relevant law-making bodies in other countries, the laws and regulations governing patents could change in unpredictable ways that could have a material adverse effect on our existing patent portfolio and weaken our ability to obtain new patents or to enforce our existing patents and patents that we might obtain in the future.

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

Competitors and other third parties may infringe, misappropriate or otherwise violate our patents, trademarks, copyrights, trade secrets or other intellectual property. To counter infringement, misappropriation or other violations, we may be required to file infringement, misappropriation or other violation claims, which can be expensive and time consuming and divert the time and attention of our management and business and scientific personnel. In addition, many of our adversaries in these proceedings may have the ability to dedicate substantially greater resources to prosecuting these legal actions than we can.

Any claims we assert against perceived infringers could provoke these parties to assert counterclaims against us alleging that we infringe, misappropriate or otherwise violate their patents or their other intellectual property, in addition to counterclaims asserting that our patents are invalid or unenforceable, or both. In patent litigation in the United States, counterclaims challenging the validity, enforceability or scope of asserted patents are commonplace. Similarly, third parties may initiate legal proceedings against us seeking a declaration that certain of our intellectual property is non-infringed, invalid or unenforceable. The outcome of any such proceeding is generally unpredictable.

In any patent infringement proceeding, there is a risk that a court will decide that a patent of ours is invalid or unenforceable, in whole or in part, and that we do not have the right to stop the other party from using the invention at issue. There is also a risk that, even if the validity of such patents is upheld, the court will construe the patent's claims narrowly or decide that we do not have the right to stop the other party from using the invention at issue on the grounds that our patent claims do not cover the invention. An adverse outcome in a litigation or proceeding involving our patents could limit our ability to assert our patents against those parties or other competitors, and may curtail or preclude our ability to exclude third parties from making and selling similar or competitive products. If a defendant were to prevail on a legal assertion of invalidity or unenforceability of our patents covering one of our product candidates, we could lose at least a part, and perhaps all, of the patent protection covering such a product candidate. Competing drugs may also be sold in other countries in which our patent coverage might not exist or be as strong. If we lose a foreign patent lawsuit, alleging our infringement of a competitor's patents, we could be prevented from marketing our drugs in one or more foreign countries. Any of these occurrences could adversely affect our competitive business position, business prospects and financial condition. Similarly, if we assert trademark infringement claims, a court may determine that the marks we have asserted are invalid or unenforceable, or that the party against whom we have asserted trademark infringement has superior rights to the marks in question. In this case, we could ultimately be forced to cease use of such trademarks.

Even if we establish infringement, the court may decide not to grant an injunction against further infringing activity and instead award only monetary damages, which may or may not be an adequate remedy. 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 litigation. There could also be public announcements of the results of hearings, motions or other interim proceedings or developments. If securities analysts or investors perceive these results to be negative, it could have a material adverse effect on the price of shares of our common stock. Moreover, there can be no assurance that we will have sufficient financial or other resources to file and pursue such infringement claims, which typically last for years before they are concluded. Even if we ultimately prevail in such claims, the monetary cost of such litigation and the diversion of the attention of our management and scientific personnel could outweigh any benefit we receive as a result of the proceedings.

Furthermore, third parties may also raise invalidity or unenforceability claims before administrative bodies in the United States or foreign authorities, even outside the context of litigation. Such mechanisms include re-examination, inter partes review, post-grant review, interference proceedings, derivation proceedings and equivalent proceedings in foreign jurisdictions (e.g., opposition proceedings). Such proceedings could result in revocation, cancellation or amendment to our patents in such a way that they no longer cover and protect our product candidates. The outcome following legal assertions of invalidity and unenforceability is unpredictable. Grounds for a validity challenge could be an alleged failure to

meet any of several statutory requirements, including lack of novelty, obviousness, non-enablement or written description. Grounds for an unenforceability assertion could be an allegation that someone connected with the prosecution of the patent withheld relevant information from the USPTO, or made a misleading statement, during prosecution of the patent. With respect to the validity of our patents, for example, we cannot be certain that there is no invalidating prior art of which we, our licensors, our patent counsel and the patent examiner were unaware during prosecution. Moreover, it is possible that prior art may exist that we are aware of but do not believe is relevant to our current or future patents, but that could nevertheless be determined to render our patents invalid. If a third party were to prevail on a legal assertion of invalidity or unenforceability, we could lose at least part, and perhaps all, of the patent protection on one or more of our product candidates. Any such loss of patent protection could have a material adverse impact on our business, financial condition, results of operations and prospects.

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

Filing, prosecuting and defending patents with respect to our product candidates 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. The requirements for patentability may differ in certain countries, particularly in developing countries. In addition, any future intellectual property license agreements may not always include worldwide rights. Consequently, competitors and other third parties 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 may obtain patent protection, but where patent enforcement is not as strong as that in the United States and where our ability to enforce our patents to stop infringing activities may be inadequate. These products may compete with our products in such territories and in jurisdictions where we do not have any patent rights or where any future patent claims or other intellectual property or proprietary rights may not be effective or sufficient to prevent them from competing with us, which could have a material adverse effect on our business, financial condition, results of operations and prospects.

Moreover, our ability to protect and enforce our intellectual property and proprietary rights may be adversely affected by unforeseen changes in foreign intellectual property laws. Additionally, the laws of some countries outside of the United States and Europe do not afford intellectual property protection to the same extent as the laws of the United States and Europe. Many companies have encountered significant problems in protecting and defending intellectual property and proprietary rights in certain foreign jurisdictions. The legal systems of some countries, including, for example, India, China and other developing countries, do not view favorably the enforcement of patents and other intellectual property or proprietary rights, particularly those relating to biotechnology products, which could make it difficult for us to stop the infringement, misappropriation or other violation of our patents or other intellectual property or proprietary rights. For example, many foreign countries have compulsory licensing laws under which a patent owner must grant licenses to third parties. Consequently, we may not be able to prevent third parties from practicing our inventions in certain countries outside the United States and Europe. In addition, many countries limit the enforceability of patents against government agencies or government contractors. In these countries, the patent owner may have limited remedies, which could materially diminish the value of such patent. If we are 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. Proceedings to enforce our intellectual property and proprietary rights in foreign jurisdictions, whether or not successful, could result in substantial costs and divert our efforts and resources from other aspects of our business, could put our patents, trademarks or other intellectual property and proprietary rights 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 claims against us. We may not prevail in any lawsuits that we initiate, and the damages or other remedies awarded, if any, may not be commercially meaningful. Furthermore, while we intend to protect our intellectual property and proprietary rights in major markets for our products, we cannot ensure that we will be able to initiate or maintain similar efforts in all jurisdictions in which we may wish to market our products. Accordingly, our efforts to protect our intellectual property and proprietary rights in such countries may be inadequate.

If we are sued for infringing, misappropriating or otherwise violating intellectual property or proprietary rights of third parties, such litigation or disputes could be costly and time consuming and could prevent or delay us from developing or commercializing our product candidates.

Our commercial success depends, in part, on our ability to develop, manufacture, market and sell our product candidates and use our proprietary technologies without infringing, misappropriating or otherwise violating the intellectual property and other proprietary rights of third parties. If any third-party patents, patent applications or other proprietary rights are found to cover our product candidates or any related companion diagnostics or their compositions, methods of use or manufacturing, we may be required to pay damages, which could be substantial, and we would not be free to manufacture or market our product candidates or to do so without obtaining a license, which may not be available on commercially reasonable terms, or at all.

We may in the future become party to, or threatened with, adversarial proceedings or litigation regarding intellectual property or proprietary rights with respect to our product candidates and technologies we use in our business. Our competitors or other third parties may assert infringement claims against us, alleging that our product candidates are covered by their patents. We cannot be certain that we do not infringe existing patents or that we will not infringe patents that may be granted in the future. Furthermore, because patent applications can take many years to issue and may be confidential for 18 months or more after filing, and because patent claims can be revised before issuance, there may be applications now pending which may later result in issued patents that may be infringed by the manufacture, use or sale of our product candidates. If a patent holder believes our product candidate infringes its patent rights, the patent holder may sue us even if we have received patent protection for our technology. Moreover, we may face patent infringement claims from non-practicing entities that have no relevant drug revenue and against whom our own patent portfolio may thus have no deterrent effect.

There is a substantial amount of intellectual property litigation in the biotechnology and pharmaceutical industries, and we may become party to, or threatened with, litigation or other adversarial proceedings regarding intellectual property or proprietary rights with respect to our product candidates, including interference proceedings before the USPTO. Third parties may assert infringement, misappropriation or other claims against us based on existing or future intellectual property or proprietary rights. The outcome of intellectual property litigation and other disputes is subject to uncertainties that cannot be adequately quantified in advance. The pharmaceutical and biotechnology industries have produced a significant number of patents, and it may not always be clear to industry participants, including us, which patents cover various types of products or methods of using or manufacturing products. The coverage of patents is subject to interpretation by the courts, and the interpretation is not always uniform. If we were sued for patent infringement, we would need to demonstrate that our product candidates, products or methods of use, manufacturing or other applicable activities either do not infringe the patent claims of the relevant patent or that the patent claims are invalid or unenforceable, and we may not be successful in doing so. However, proving invalidity or unenforceability is difficult. For example, in the United States, proving invalidity requires a showing of clear and convincing evidence to overcome the presumption of validity enjoyed by issued patents. Even if we believe third-party intellectual property claims are without merit, there is no assurance that a court would find in our favor on questions of infringement, validity, or enforceability. Even if we are successful in these proceedings, we may incur substantial costs and the time and attention of our management and business and scientific personnel could be diverted in pursuing these proceedings, which could significantly harm our business and operating results. In addition, we may not have sufficient resources to bring these actions to a successful conclusion.

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

We may be subject to claims by third parties asserting that our employees or consultants or we have misappropriated their intellectual property, or claiming ownership of what we regard as our own intellectual property.

Some of our employees and consultants are currently or have been previously employed at universities or at other biotechnology or pharmaceutical companies, including our competitors or potential competitors. These employees and consultants may have executed proprietary rights, non-disclosure and non-competition agreements, or similar agreements, in connection with such other current or previous employment. Although we try to ensure that our employees and consultants 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 third parties. Litigation may be necessary to defend against such claims. If we fail in defending any such claims, in addition to paying monetary damages, we may lose valuable intellectual property or personnel or sustain damages. Such intellectual property could be awarded to a third party, and we could be required to obtain a license from such third party to commercialize our technology or products. Such a license may not be available on commercially reasonable terms or at all. Even if we are successful in defending against such claims, litigation could result in substantial costs and be a distraction to our management. Any of the foregoing would have a material adverse effect on our business, financial condition, results of operations and prospects.

In addition, while it is our policy to require our employees, consultants 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, which may result in claims by or against us related to the ownership of such intellectual property. In addition, such agreements may not be self-executing such that the intellectual property subject to such agreements may not be assigned to us without additional assignments being executed, and we may fail to obtain such assignments. In addition, such agreements may be breached. In addition, we have multiple sponsored research agreements relating to our lead product candidates with various academic institutions. Some of these academic institutions may not have intellectual property assignments or similar agreements with their employees and consultants, which may result in claims by or against us related to ownership of any intellectual property. Accordingly, 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. If we fail in prosecuting or defending any such claims, in addition to paying monetary damages, we may lose valuable intellectual property. Even if we are successful in prosecuting or defending against such claims, litigation could result in substantial costs and be a distraction to our senior management and scientific personnel, which would have a material adverse effect on our business, financial condition, results of operations and prospects.

Rights to improvements to our product candidates may be held by third parties.

In the course of testing our product candidates, we have entered into agreements with third parties to conduct clinical testing, which provide that improvements to our product candidates may be owned solely by a party or jointly between the parties. If we determine that rights to such improvements owned solely by a third party are necessary to commercialize our product candidates or maintain our competitive advantage, we may need to obtain a license from such third party in order to use the improvements and continue developing, manufacturing or marketing the product candidates. However, we may not be able to obtain any required license on commercially reasonable terms or at all. Even if we were able to obtain such a license, it could be granted on non-exclusive terms, thereby giving our competitors and other third parties access to the same technologies licensed to us. Failure to obtain a license on commercially reasonable terms or at all, or to obtain an exclusive license, could prevent us from commercializing our product candidates or force us to cease some of our business operations, which could materially harm our business. If we determine that rights to improvements jointly owned between us and a third party are necessary to commercialize our product candidates or maintain our competitive advantage, we may need to obtain an exclusive license from such third party. If we are unable to obtain an exclusive license to any such third-party co-owners' interest in such improvements, 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. In addition, we may need the cooperation of any such co-owners of our intellectual property in order to enforce such intellectual property 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.

The term of our patents may be inadequate to protect our competitive position on our products.

Given the amount of time required for the development, testing and regulatory review of new product candidates, patents protecting such candidates might expire before or shortly after such candidates are commercialized. Depending upon the timing, duration and other factors relating to any FDA marketing approval we receive for any of our product candidates, one or more of our U.S. patents may be eligible for limited patent term extension under the Drug Price Competition and Patent Term Restoration Action of 1984, or the Hatch- Waxman Amendments. We expect to seek extensions of patent terms in the United States and, if available, in other countries where we are prosecuting patents. In the United States, the Hatch-Waxman Amendments permit a patent term extension of up to five years beyond the normal expiration of the patent, limited to the approved indication (or any additional indications approved during the period of extension), as compensation for patent term lost to the regulatory review process during which the sponsor was unable to commercially market its new product. 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 an approved drug is eligible for the extension and only those claims covering the approved drug, a method for using it, or a method for manufacturing it may be extended, and the application for the extension must be submitted prior to the expiration of the patent. However, the applicable authorities, including the FDA and the USPTO in the United States, and any equivalent regulatory authority in other countries, may not agree with our assessment of whether such extensions are available for our patents, may refuse to grant extensions to our patents, or may grant more limited extensions than we request. We may not be granted an extension 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. If we are unable to obtain patent term extension or the term of any such extension is less than we request, our competitors and other third parties may be able to obtain approval of competing products following our patent expiration and take advantage of our investment in development and clinical trials by referencing our clinical and preclinical data and launch their product earlier than might otherwise be the case. Any of the foregoing would have a material adverse effect on our business, financial condition, results of operations and prospects.

Obtaining and maintaining our patent protection depends on compliance with various procedural, documentary, fee payment and other requirements imposed by governmental patent offices, and our patent protection could be reduced or eliminated for noncompliance with these requirements.

Periodic maintenance fees, renewal fees, annuity fees and various other government fees on any issued patent are due to be paid to the USPTO and patent offices in foreign countries in several stages over the lifetime of the patent. The USPTO and patent offices in foreign countries require compliance with a number of procedural, documentary, fee payment and other requirements during the patent application process. In the future, we may rely on licensing partners to pay these fees due to U.S. and non-U.S. patent agencies and to comply with these other requirements with respect to any future licensed patents and patent applications. While 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 in which noncompliance can result in abandonment or lapse of the patent or patent application, resulting in partial or complete loss of a patent or patent rights in the relevant jurisdiction. Non-compliance events that could result in abandonment or lapse of a patent or patent application include, but are not limited to, failure to respond to official actions within prescribed time limits, non-payment of fees and failure to properly legalize and submit formal documents. In such an event, our competitors and other third parties might be able to enter the market with similar or identical products of technology, which would have a material adverse effect on our business, financial condition, results of operations and prospects.

If we are unable to protect the confidentiality of our trade secrets, the value of our technology could be materially adversely affected and our business would be harmed.

We rely on proprietary know-how and trade secret protection and confidentiality agreements to protect proprietary know-how or trade secrets that are not patentable or that we elect not to patent. We seek to protect our trade secrets and proprietary know-how in part by entering into non-disclosure and confidentiality agreements with parties who have access to such knowledge, such as our employees, consultants, independent contractors, advisors, CMOs, CROs, hospitals, independent treatment centers, suppliers, collaborators and other third parties. We also enter into confidentiality and invention or patent assignment agreements with employees and certain consultants. However, we cannot guarantee that we have entered into such agreements with each party that may have or have had access to our trade secrets or proprietary know-how. Additionally, our confidentiality agreements and other contractual protections may not be adequate to protect our intellectual property from unauthorized disclosure, third-party infringement or misappropriation. Any party with whom we

have executed such an agreement may breach that agreement and disclose our proprietary information, including our trade secrets, and we may not be able to obtain adequate remedies for such breaches. Enforcing a claim that a party illegally disclosed or misappropriated a trade secret is difficult, expensive and time-consuming, and the outcome is unpredictable. In addition, some courts in the United States and certain foreign jurisdictions 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 such third party, or those to whom they communicate such technology or information, 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 business, financial condition, results of operations and prospects our business and competitive position could be materially harmed.

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 similar to any product candidates we may develop or utilize similarly related technologies that are not covered by the claims of the patents that we may license or may own in the future;
- we, or any future license partners or current or future collaborators, might not have been the first to make the inventions covered by the issued patent or pending patent application that we license or may own in the future;
- we, or any future license partners or current or future 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, misappropriating or otherwise violating any of our owned or licensed intellectual property rights;
- it is possible that our pending patent applications or those that we may own in the future will not lead to issued patents;
- issued patents that we hold rights to may be held invalid or unenforceable, including as a result of legal challenges by our competitors 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 in order to maintain certain trade secrets or know how, and a third party may subsequently file a patent covering such intellectual property.

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

Risks Related to Our Common Stock

An active and liquid trading market for our common stock may never be sustained. As a result, you may not be able to resell your shares of common stock at or above the purchase price.

An active trading market for our common stock may never be sustained. The market value of our common stock may decrease from the purchase price. As a result of these and other factors, you may be unable to resell your shares of our common stock at or above the purchase price. The lack of an active market may impair your ability to sell your shares at the time you wish to sell them or at a price that you consider reasonable. The lack of an active market may also reduce the fair market value of your shares. Furthermore, an inactive market may also impair our ability to raise capital by selling shares of our common stock and may impair our ability to enter into strategic collaborations or acquire companies or products by using our shares of common stock as consideration.

Our quarterly operating results may fluctuate significantly or may fall below the expectations of investors or securities analysts, each of which may cause our stock price to fluctuate or decline.

We expect our operating results to be subject to quarterly fluctuations. Our net loss and other operating results will be affected by numerous factors, including:

- variations in the level of expense related to the planned and ongoing development of our product candidates or future development programs, including scale-up CMC expenses;
- results of clinical trials, or the addition or termination of future preclinical or clinical trials or funding support by us, or future collaborators or licensing partners;
- our execution of any collaboration, licensing or similar arrangements, and the timing of payments we may make or receive under existing or future arrangements or the termination or modification of any such existing or future arrangements;
- any intellectual property infringement lawsuit or opposition, interference or cancellation proceeding in which we may become involved;
- additions and departures of key personnel;
- strategic decisions by us or our competitors, such as acquisitions, divestitures, spin-offs, joint ventures, strategic investments or changes in business strategy;
- if any of our product candidates receives regulatory approval, the terms of such approval and market acceptance and demand for such product candidates;
- regulatory developments affecting our product candidates or those of our competitors; and
- changes in general market and economic conditions, such as due to the COVID-19 pandemic.

If our quarterly operating results fall below the expectations of investors or securities analysts, the price of our common stock could decline substantially. Furthermore, any quarterly fluctuations in our operating results may, in turn, cause the price of our common stock to fluctuate substantially. We believe that quarterly comparisons of our financial results are not necessarily meaningful and should not be relied upon as an indication of our future performance.

The market price of our common stock is likely to be highly volatile, which could result in substantial losses for purchasers of our common stock.

The market price of our common stock has been highly volatile since our initial public offering, or IPO. From January 1, 2021 to December 31, 2021, the closing price of common stock on the Nasdaq Global Select Market has ranged from $10.96 to $95.38 per share. The market price of our common stock is likely to continue to be highly volatile and subject to wide fluctuations in response to various factors, some of which we cannot control. As a result of this volatility, investors may not be able to sell their common stock at or above the price paid. The market price for our common stock may be influenced by many factors, including the other risks described in this section of this Annual Report on Form 10-K and the following:

- enrollment or results of clinical trials of our product candidates, or those of our competitors or our future collaborators, or changes in the development status of our product candidates;
- regulatory or legal developments in the United States and other countries, especially changes in laws or regulations applicable to our product candidates;
- the success of competitive products or technologies;
- introductions and announcements of new products by us, our future commercialization partners, or our competitors, and the timing of these introductions or announcements;
- actions taken by regulatory agencies with respect to our products, clinical studies, manufacturing process or sales and marketing terms;
- actual or anticipated variations in our financial results or those of companies that are perceived to be similar to us;

- the success of our efforts to acquire or in-license additional technologies, products or product candidates;
- developments concerning any future collaborations, including but not limited to those with development and commercialization partners;
- market conditions in the pharmaceutical and biotechnology sectors;
- announcements by us or our competitors of significant acquisitions, strategic collaborations, joint ventures or capital commitments;
- developments or disputes concerning patents or other proprietary rights, including patents, litigation matters and our ability to obtain patent protection for our product candidates and products;
- our ability or inability to raise additional capital and the terms on which we raise it;
- the recruitment or departure of key personnel;
- changes in the structure of healthcare payment systems;
- actual or anticipated changes in earnings estimates or changes in stock market analyst recommendations regarding our common stock, other comparable companies or our industry generally;
- our failure or the failure of our competitors to meet analysts' projections or guidance that we or our competitors may give to the market;
- fluctuations in the valuation of companies perceived by investors to be comparable to us;
- announcement and expectation of additional financing efforts;
- speculation in the press or investment community;
- share price and fluctuations of trading volume of our common stock;
- sales of our common stock by us, insiders or our stockholders;
- the concentrated ownership of our common stock;
- changes in accounting principles;
- terrorist acts, acts of war or periods of widespread civil unrest;
- natural disasters and other calamities; and
- general economic, industry and market conditions, or other events or factors, many of which are beyond our control, such as the COVID-19 pandemic.

In addition, the stock market in general, and the markets for pharmaceutical, biopharmaceutical and biotechnology stocks in particular, have experienced extreme price and volume fluctuations that have been often unrelated or disproportionate to the operating performance of the issuer. These broad market and industry factors may seriously harm the market price of our common stock, regardless of our actual operating performance. The realization of any of the above risks or any of a broad range of other risks, including those described in this "Risk Factors" section, could have a dramatic and adverse impact on the market price of our common stock.

Our principal stockholders and management own a significant percentage of our stock and are able to exert significant control over matters subject to stockholder approval.

As of December 31, 2021, our executive officers, directors, beneficial owners of 5% or more of our capital stock and their respective affiliates beneficially owned a substantial portion of our common stock. The voting power of this group may increase to the extent they convert shares of non-voting common stock they hold into common stock.

This group of stockholders have the ability to control us through this ownership position and are able to determine all matters requiring stockholder approval. For example, these stockholders are able to control elections of directors, amendments of our organizational documents or approval of any merger, sale of assets or other major corporate transaction. This may prevent or discourage unsolicited acquisition proposals or offers for our common stock that you may feel are in your best interest as one of our stockholders. The interests of this group of stockholders may not always coincide with

your interests or the interests of other stockholders and they may act in a manner that advances their best interests and not necessarily those of other stockholders, including seeking a premium value for their common stock, and might affect the prevailing market price for our common stock.

The dual class structure of our common stock may limit your ability to influence corporate matters and may limit your visibility with respect to certain transactions.

The dual class structure of our common stock may limit your ability to influence corporate matters. Holders of our common stock are entitled to one vote per share, while holders of our non-voting common stock are not entitled to any votes. Nonetheless, each share of our non-voting common stock may be converted at any time into one share of our common stock at the option of its holder by providing written notice to us, subject to the limitations provided for in our restated certificate of incorporation. Consequently, if holders of our non-voting common stock exercise their option to make this conversion, this will have the effect of increasing the relative voting power of those prior holders of our non-voting common stock, and correspondingly decreasing the voting power of the holders of our common stock, which may limit your ability to influence corporate matters. For example, at February 28, 2022, the common stock will have 100% of the voting power, but if the holders of non-voting common stock were to convert all of their shares into common stock, the prior common stock would have 76.1% of the voting power, and the former non-voting common stock would represent 23.9% of the voting power. Additionally, stockholders who hold, in the aggregate, more than 10% of our common stock and non-voting common stock, but 10% or less of our common stock, and are not otherwise an insider of the company, may not be required to report changes in their ownership due to transactions in our non-voting common stock pursuant to Section 16(a) of the Securities Exchange Act of 1934, as amended, or the Exchange Act, and may not be subject to the short-swing profit provisions of Section 16(b) of the Exchange Act.

We are an "emerging growth company" and a "smaller reporting company" and we cannot be certain if the reduced reporting requirements applicable to emerging growth companies or smaller reporting companies will make our common stock less attractive to investors.

We are an "emerging growth company" as defined in the Jumpstart Our Business Startups Act of 2012, or the JOBS Act. For as long as we continue to be an emerging growth company, we may take advantage of exemptions from various reporting requirements that are applicable to other public companies that are not emerging growth companies, including (i) not being required to comply with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act of 2002, as amended, or the Sarbanes-Oxley Act, (ii) reduced disclosure obligations regarding executive compensation in this Annual Report on Form 10-K as well as our periodic reports and proxy statements and (iii) exemptions from the requirements of holding nonbinding advisory stockholder votes on executive compensation and stockholder approval of any golden parachute payments not approved previously. In addition, as an emerging growth company, we are only required to provide two years of audited financial statements and two years of selected financial data in this Annual Report on Form 10-K.

We could be an emerging growth company until December 31, 2025, although circumstances could cause us to lose that status earlier, including if we are deemed to be a "large accelerated filer," which occurs when the market value of our common stock that is held by non-affiliates equals or exceeds $700 million as of the prior June 30, or if we have total annual gross revenue of $1.07 billion or more during any fiscal year before that time, in which cases we would no longer be an emerging growth company as of the following December 31, or if we issue more than $1.0 billion in non-convertible debt during any three-year period before that time, in which case we would no longer be an emerging growth company immediately. Even after we no longer qualify as an emerging growth company, we may still qualify as a "smaller reporting company," which would allow us to take advantage of many of the same exemptions from disclosure requirements, including not being required to comply with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act, if our revenues remain less than $100.0 million, and reduced disclosure obligations regarding executive compensation in this Annual Report on Form 10-K as well as our periodic reports and proxy statements. We cannot predict if investors will find our common stock less attractive because we may rely on these exemptions. If some investors find our common stock less attractive as a result, there may be a less active trading market for our common stock and our share price may be more volatile.

Under the JOBS Act, emerging growth companies can also delay adopting new or revised accounting standards until such time as those standards apply to private companies. We have elected to take advantage of the benefits of this extended transition period. Our financial statements may therefore not be comparable to those of companies that comply with such

new or revised accounting standards. Until the date that we are no longer an "emerging growth company" or affirmatively and irrevocably opt out of the exemption provided by Section 7(a)(2)(B) of the Securities Act, upon issuance of a new or revised accounting standard that applies to our financial statements and that has a different effective date for public and private companies, we will disclose the date on which adoption is required for non-emerging growth companies and the date on which we will adopt the recently issued accounting standard.

We are also a "smaller reporting company," meaning that the market value of our stock held by non-affiliates is less than $700.0 million as of the prior June 30 and our annual revenue is less than $100.0 million during the most recently completed fiscal year. We may continue to be a smaller reporting company if either (i) the market value of our stock held by non-affiliates is less than $250.0 million or (ii) our annual revenue is less than $100.0 million during the most recently completed fiscal year and the market value of our stock held by non-affiliates is less than $700.0 million as of the prior June 30. If we are a smaller reporting company at the time we cease to be an emerging growth company, we may continue to rely on exemptions from certain disclosure requirements that are available to smaller reporting companies. Specifically, as a smaller reporting company we may choose to present only the two most recent fiscal years of audited financial statements in our Annual Report on Form 10-K and, similar to emerging growth companies, smaller reporting companies have reduced disclosure obligations regarding executive compensation.

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

Our restated certificate of incorporation and our restated bylaws contain provisions that could delay or prevent a change in control of our company. These provisions could also make it difficult for stockholders to elect directors who are not nominated by current members of our board of directors or take other corporate actions, including effecting changes in our management. These provisions:

- establish a classified board of directors so that not all members of our board are elected at one time;
- permit only the board of directors to establish the number of directors and fill vacancies on the board;
- provide that directors may only be removed "for cause" and only with the approval of two-thirds of our stockholders;
- require super-majority voting to amend some provisions in our restated certificate of incorporation and restated bylaws;
- authorize the issuance of "blank check" preferred stock that our board could use to implement a stockholder rights plan;
- eliminate the ability of our stockholders to call special meetings of stockholders;
- prohibit stockholder action by written consent, which requires all stockholder actions to be taken at a meeting of our stockholders;
- prohibit cumulative voting; and
- establish advance notice requirements for nominations for election to our board or for proposing matters that can be acted upon by stockholders at annual stockholder meetings.

In addition, Section 203 of the Delaware General Corporation Law, or DGCL, may discourage, delay or prevent a change in control of our company. Section 203 imposes certain restrictions on mergers, business combinations and other transactions between us and holders of 15% or more of our common stock.

The exclusive forum provision in our organizational documents may limit a stockholder's ability to bring a claim in a judicial forum that it finds favorable for disputes with us or any of our directors, officers, or other employees, which may discourage lawsuits with respect to such claims.

Our restated certificate of incorporation provides that the Court of Chancery of the State of Delaware is the exclusive forum for: any derivative action or proceeding brought on our behalf; any action asserting a breach of fiduciary duty; any action asserting a claim against us arising pursuant to the DGCL, our restated

bylaws; or any action asserting a claim against us that is governed by the internal affairs doctrine. This exclusive forum provision does not apply to suits brought to enforce a duty or liability created by the Exchange Act. It could apply, however, to a suit that falls within one or more of the categories enumerated in the exclusive forum provision.

This choice of forum provision may limit a stockholder's ability to bring a claim in a judicial forum that it finds favorable for disputes with us or any of our directors, officers, or other employees, which may discourage lawsuits with respect to such claims. Alternatively, if a court were to find the choice of forum provisions contained in our restated certificate of incorporation to be inapplicable or unenforceable in an action, we may incur additional costs associated with resolving such action in other jurisdictions, which could harm our business, results of operations and financial condition.

Section 22 of the Securities Act creates concurrent jurisdiction for federal and state courts over all claims brought to enforce any duty or liability created by the Securities Act or the rules and regulations thereunder. Our restated bylaws provide that the federal district courts of the United States of America will, to the fullest extent permitted by law, be the exclusive forum for resolving any complaint asserting a cause of action arising under the Securities Act, or a Federal Forum Provision. Our decision to adopt a Federal Forum Provision followed a decision by the Supreme Court of the State of Delaware holding that such provisions are facially valid under Delaware law. While there can be no assurance that federal or state courts will follow the holding of the Delaware Supreme Court or determine that the Federal Forum Provision should be enforced in a particular case, application of the Federal Forum Provision means that suits brought by our stockholders to enforce any duty or liability created by the Securities Act must be brought in federal court and cannot be brought in state court.

Section 27 of the Exchange Act creates exclusive federal jurisdiction over all claims brought to enforce any duty or liability created by the Exchange Act or the rules and regulations thereunder. In addition, neither the exclusive forum provision nor the Federal Forum Provision applies to suits brought to enforce any duty or liability created by the Exchange Act. Accordingly, actions by our stockholders to enforce any duty or liability created by the Exchange Act or the rules and regulations thereunder must be brought in federal court.

Our stockholders will not be deemed to have waived our compliance with the federal securities laws and the regulations promulgated thereunder.

Any person or entity purchasing or otherwise acquiring or holding any interest in any of our securities shall be deemed to have notice of and consented to our exclusive forum provisions, including the Federal Forum Provision. These provisions may limit a stockholders' ability to bring a claim in a judicial forum of their choosing for disputes with us or our directors, officers, or other employees, which may discourage lawsuits against us and our directors, officers, and other employees.

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

As a public company, and particularly after we are no longer an emerging growth company, we 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 the Nasdaq Global Select Market and other applicable securities rules and regulations impose various requirements on public companies, including establishment and maintenance of effective disclosure and financial controls and corporate governance practices. Our management and other personnel will need to devote a substantial amount of time to these compliance initiatives. Moreover, we expect these rules and regulations to substantially increase our legal and financial compliance costs and to make some activities more time consuming and costly. For example, we expect that these rules and regulations may make it more difficult and more expensive for us to obtain director and officer liability insurance and we may be required to incur substantial costs to maintain sufficient coverage. We cannot predict or estimate the amount or timing of additional costs we may incur to respond to these requirements. The impact of these requirements could also make it more difficult for us to attract and retain qualified persons to serve on our board of directors, our board committees or as executive officers. The increased costs may require us to reduce costs in other areas of our business or increase the prices of our products once commercialized. Moreover, 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.

Because we do not anticipate paying any cash dividends on our capital stock in the foreseeable future, capital appreciation, if any, will be your sole source of gain.

We have never declared or paid cash dividends on our capital stock. We currently intend to retain all of our future earnings, if any, to finance the growth and development, operation and expansion of our business and do not anticipate declaring or paying any cash dividends for the foreseeable future. As a result, capital appreciation, if any, of our common stock will be your sole source of gain for the foreseeable future.

General Risk Factors

If securities or industry analysts do not publish research or reports about our business, or if they issue an adverse or misleading opinion regarding our stock, our stock price and trading volume could decline.

The trading market for our common stock will be influenced by the research and reports that industry or securities analysts publish about us or our business. If no or few securities or industry analysts commence coverage of us, the trading price for our common stock could be impacted negatively. In the event we obtain securities or industry analyst coverage, if any of the analysts who cover us issue an adverse or misleading opinion regarding us, our business model, our intellectual property or our stock performance, or if our preclinical studies and clinical trials and operating results fail to meet the expectations of analysts, our stock price would likely decline. If one or more of such analysts cease coverage of us or fail to publish reports on us regularly, we could lose visibility in the financial markets, which in turn could cause a decline in our stock price or trading volume.

If we fail to maintain proper and effective internal controls, our ability to produce accurate financial statements on a timely basis could be impaired.

We are subject to the reporting requirements of the Exchange Act, the Sarbanes-Oxley Act and the rules and the listing requirements of the Nasdaq Global Select Market. The Sarbanes-Oxley Act requires, among other things, that we maintain effective disclosure controls and procedures and internal control over financial reporting.

We perform system and process evaluation and testing of our internal control over financial reporting to allow management to report on the effectiveness of our internal control over financial reporting in our Annual Report on Form 10-K filing for that year, as required by Section 404(a) of the Sarbanes-Oxley Act. This requires that we incur substantial additional professional fees and internal costs to expand our accounting and finance functions and that we expend significant management efforts.

Our internal control over financial reporting will not prevent or detect all errors and all fraud. A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that the control system's objectives will be met. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that misstatements due to error or fraud will not occur or that all control issues and instances of fraud will be detected.

If we are not able to comply with the requirements of Section 404 of the Sarbanes-Oxley Act in a timely manner, or if we are unable to maintain proper and effective internal controls, we may not be able to produce timely and accurate financial statements. If that were to happen, the market price of our stock could decline and we could be subject to sanctions or investigations by the stock exchange on which our common stock is listed, the Securities and Exchange Commission, or SEC, or other regulatory authorities.

We may be subject to securities litigation, which is expensive and could divert management attention.

The market price of our common stock may be volatile. The stock market in general, and Nasdaq and biopharmaceutical companies in particular, have experienced extreme price and volume fluctuations that have often been unrelated or disproportionate to the operating performance of these companies. In the past, companies that have experienced volatility in the market price of their stock have been subject to securities class action litigation. We may be the target of this type of litigation in the future. Securities litigation against us could result in substantial costs and divert our management's attention from other business concerns, which could seriously harm our business.

Item 1B. Unresolved Staff Comments.

None.

Item 2. Properties.

Our principal executive office is located in Wilmington, Delaware where we license & lease space in two buildings for a total of approximately 39,294 square feet of office and laboratory space that is utilized for administrative, research and development and other business related activities. The license covering our laboratory, supportive, and executive offices expires on December 31, 2022, with an option to renew for an additional 12 months thereafter. Our secondary office presence is leased through June 30, 2022.

On November 30, 2021, we entered into a lease agreement (the "Chestnut Run Lease") for approximately 81,000 square feet of office and laboratory space that we intend to use for administrative, research and development and other activities located at Chestnut Run Plaza in Wilmington, Delaware. The Chestnut Run Lease has an initial term of 162 months from the earlier of (i) the Landlord Work Substantial Completion Date (as such term is defined in the Chestnut Run Lease) or (ii) the date the Company takes possession of the premises for the conduct of the Company's business. We have an option to extend the term of the lease by up to three additional five-year terms and certain expansion rights.

We believe that our facilities are sufficient to meet our current needs and that suitable additional space will be available as and when needed.

Item 3. Legal Proceedings.

From time to time, we may be involved in legal proceedings arising in the ordinary course of our business. In addition, we may receive letters alleging infringement of patents or other intellectual property rights. We are not presently a party to any legal proceedings that, in the opinion of management, would have a material adverse effect on our business, operating results, cash flows or financial conditions should such litigation be resolved unfavorably. Regardless of outcome, litigation can have an adverse impact on us due to defense and settlement costs, diversion of management resources, negative publicity and reputational harm, 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 has been listed on The Nasdaq Global Market under the symbol "PRLD" since September 25, 2020. Prior to that there was no public trading market for our common stock.

Holders of Record

As of March 11, 2022, there were approximately 21 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. This number of holders of record also does not include stockholders whose shares may be held in trust by other entities.

Dividend Policy

We currently intend to retain future earnings, if any, for use in operation of our business and to fund future growth. We have never declared or paid any cash dividends on our capital stock and do not anticipate paying any cash dividends in the foreseeable future. Payment of cash dividends, if any, in the future will be at the discretion of our board of directors and will depend on then-existing conditions, including our financial condition, operating results, contractual restrictions, capital requirements, business prospects and other factors our board of directors may deem relevant.

Unregistered Sales of Equity Securities

None.

Use of Proceeds from Registered Securities

On September 29, 2020, we completed our IPO and sold 9,573,750 shares of common stock at an IPO price of $19.00 per share. The offer and sale of all of the shares in the IPO were registered under the Securities Act pursuant to registration statements on Form S-1 (File No. 333-248628), which was declared effective by the SEC on September 24, 2020. No additional shares were registered.

We received net proceeds from the IPO of approximately $166.6 million, after deducting underwriting discounts and commissions and offering costs. Morgan Stanley & Co. LLC, Goldman Sachs & Co. LLC and BofA Securities, Inc. acted as joint book-running managers of the offering and as representatives of the underwriters. None of the expenses associated with the IPO were paid to directors, officers, persons owning 10% or more of any class of equity securities, or to their associates, or to our affiliates.

There has been no material change in the planned use of proceeds from our IPO as described in the Prospectus filed with the SEC pursuant to Rule 424(b)(4) under the Securities Act on September 25, 2020.

In January 2021, the Company sold 2,875,000 shares of its common stock at a public offering price of $60.00 per share. The offer and sale of all of the shares were registered under the Securities Act pursuant to registration statements on Form S-1 filed January 4, 2021, which was declared effective by the SEC on January 6, 2021. We received net proceeds of $161.4 million after deducting underwriting discounts, commissions, and other offering expenses paid by the Company. There has been no material change in the planned use of proceeds as described in the Prospectus filed with the SEC pursuant to Rule 424(b)(4) under the Securities Act on January 7, 2021.

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 financial statements and the related notes and other financial information included elsewhere in this Form 10-K. Some of the information contained in this discussion and analysis contains forward-looking statements that involve risks and uncertainties. You should review the section titled "Risk Factors" in this Form 10-K for a discussion of important factors that could cause actual results to differ materially from the results described below.

Overview

We are a clinical-stage fully integrated oncology company built on a foundation of drug discovery excellence to deliver novel precision cancer medicines to underserved patients. By leveraging our core competencies in cancer biology and medicinal chemistry, combined with our target class- and technology platform-agnostic approach, we have built an efficient, fully-integrated drug discovery engine to identify compelling biological targets and create new chemical entities, or NCEs, that we rapidly advance into clinical trials. We believe our approach could result in better targeted cancer therapies. Our discovery excellence has been validated by our rapid progress in creating a wholly-owned, internally developed pipeline. Since our inception in 2016, we have received clearance from the U.S. Food and Drug Administration, or the FDA, for six investigational new drug applications, or INDs, and successfully advanced these programs into clinical trials. In addition, we have two unique programs in various stages of preclinical development that we plan to advance into clinical development in 2022.

By focusing on developing agents using broad mechanisms that have multiple links to oncogenic driver pathways in select patients, we have developed a diverse pipeline consisting of six distinct programs spanning methyltransferases, kinases, protein-protein interactions and targeted protein degraders. Our pipeline is geared towards serving patients with high unmet medical need where there are limited or no treatment options. We believe we can best address these diseases by developing therapies that target primary and secondary resistance mechanisms.

Our most advanced candidates are designed to be oral, potent and selective inhibitors of protein arginine methyltransferase 5, or PRMT5. The potency and selectivity of our product candidates is supported by preclinical data demonstrating nanomolar inhibition of PRMT5 and no inhibition of related enzymes at 1,000 times higher concentration of our product candidates. PRT543, our first clinical candidate, is currently in a Phase 1 clinical trial in advanced solid tumors and select myeloid malignancies. As of an August 6, 2021 data cutoff date, the dose escalation portion of the ongoing Phase 1 trial of PRT543 enrolled a total of 49 patients across 18 unselected advanced solid tumors and lymphoma. Patients enrolled in the trial received an average of three prior lines of therapy. PRT543 demonstrated target engagement and inhibition of PRMT5 functional activity as evidenced by a 69% reduction in serum symmetric dimethylarginine, or sDMA, at a dose of 45 mg/5x per week. In addition, PRT543 demonstrated signs of preliminary clinical activity, including a durable complete response, or CR, maintained for over 18 months in a patient with HRD+ ovarian cancer who remains on treatment and prolonged stable disease, or SD, persisting for over six months in five patients, including four patients with ACC and one patient with uveal melanoma. A complete response is defined as the disappearance of all target lesions. PRT543 was generally well tolerated: the most common grade 3 or higher treatment-related adverse events, or AEs, occurring in at least 5% of patients were thrombocytopenia (27%) and anemia (12%), both of which were reversible upon treatment interruption. Patients were largely able to remain on therapy with few AE-related dose interruptions (27%), reductions (22%), or discontinuations (4%).

We completed enrollment of certain dose expansion cohorts with PRT543 including adenoid cystic carcinoma (ACC) and HRD+ solid tumors and discontinued enrollment in select myeloid malignancy and lymphoma (DLBCL and MCL) cohorts with PRT543, in which patient enrollment has been challenging and sufficient evidence of clinical activity has yet to be obtained. We are continuing enrollment in select PRT543 dose expansion cohorts in those indications most likely to achieve proof-of-concept ("POC") including splicing mutated solid tumors and myeloid malignancies. We anticipate presenting data from those expansion cohorts in the second half of 2022.

PRT811, our second clinical candidate, is a PRMT5 inhibitor that we have optimized for high brain exposure. PRT811 is being studied in a Phase 1 clinical trial in unselected patients with solid tumors, including high-grade glioma. As of an August 13, 2021 data cutoff date, the dose escalation portion of the ongoing Phase 1 trial of PRT811 enrolled a total of 45 patients, including 27 patients across 16 unselected advanced solid tumors and 18 patients with high-grade gliomas, including 17 patients with glioblastoma multiforme. PRT811 demonstrated dose dependent inhibition of PRMT5 activity as evidenced by an 83% reduction in serum sDMA at a dose of 600 mg daily (QD). In addition, PRT811 demonstrated signs of preliminary

clinical activity, including an IDH1 mutated high grade glioma (glioblastoma (GBM)) patient who experienced a partial response, or PR, that evolved into a durable CR for more than 13 months. In addition, a patient with splicing-mutant, or SF3B1, uveal melanoma demonstrated SD for more than six months with a 25% tumor regression. At a post data-cutoff on September 20, 2021, one additional patient (receiving a dose of 800 mg QD) with SF3B1 uveal melanoma had an unconfirmed PR and 47% decrease in target lesion, and a patient with triple negative breast cancer (receiving a dose of 800 mg QD) demonstrated a 27% decrease in target lesions. PRT811 was generally well-tolerated; the most common grade 3 or higher treatment-related AE was thrombocytopenia (7%), which was reversible upon treatment interruption. Patients were largely able to remain on therapy with few AE-related dose interruptions (13%), reductions (4%), or discontinuations (3%).

Based on data from the ongoing Phase 1 dose expansion studies of both PRT543 and PRT811, we are concentrating our further development efforts on PRT811 in biomarker-selected patients in specific cancer types. While the Company believes that both PRT811 and PRT543 are high quality, clinically active compounds, PRT811 was selected based on its superior safety profile, higher level of target engagement, and unique brain penetrant properties.

Specifically, we intend to:

- Focus clinical development in select patient populations where clinical activity has been observed, including splicing mutated myeloid malignancies and solid tumors including uveal melanoma and IDH1 mutated high grade gliomas.
- Complete data analysis of the ongoing expansion cohort of adenoid cystic carcinoma (ACC) by mid-year to determine further development.
- Report data from the ongoing dose expansion cohorts in the second half of 2022.
- Determine appropriate development options for PRT811 based on emerging data from ongoing expansion cohorts.

PRT1419, our third clinical candidate, is designed to be a potent and selective inhibitor of the anti-apoptotic protein, MCL1. The potency and selectivity of PRT1419 is supported by preclinical data demonstrating nanomolar inhibition of MCL1 and no inhibition of related enzymes at 200 times higher concentration of our product candidate. We have begun enrolling patients with hematologic malignancies, including patients with myelodysplastic syndrome, or MDS, acute myeloid leukemia, or AML, non-Hodgkin’s lymphoma, or NHL, and multiple myeloma, or MM, into the Phase 1 clinical trial for the oral formulation of PRT1419. The dose escalation portion of the Phase 1 trial of both oral formulation and the IV formulation, which leverages the optimized physicochemical properties of PRT1419, are underway in patients with solid tumors and hematologic tumors.

Based on the data to date, we intend to prioritize development of the IV formulation of PRT1419 which demonstrated a desirable pharmacokinetic, pharmacodynamic and safety profile with potential for differentiation from competitor compounds. We intend to initiate a combination trial with venetoclax by mid-year, with the goal of establishing safety, clinical activity and a recommended Phase 2 dose in the second half of 2022.

PRT2527, our fourth clinical candidate, is designed to be a potent and selective Cyclin-dependent kinase 9, or CDK9, inhibitor. In preclinical studies, PRT2527 was shown to reduce MCL1 and MYC protein levels and was highly active in preclinical models at well-tolerated doses. PRT2527 has demonstrated high potency and kinase selectivity which may offer improved efficacy and safety compared to less selective CDK9 inhibitors. Preclinical data demonstrated that treatment with PRT2527 depleted oncogenic drivers with short half-lives, such as MYC and MCL1, and effectively induced apoptosis. PRT2527 treatment demonstrated robust efficacy in both hematological malignancies and solid tumor models with MYC dysregulation. A phase one trial is underway evaluating escalating IV doses of PRT2527 as a monotherapy in patients with selected solid tumors, including sarcoma, prostate cancer, lung cancer, and other cancers with genomic alterations that lead to MYC dependence. We anticipate completing enrollment in the Phase 1 dose escalation study of PRT2527 with the goal of identifying a recommended Phase 2 dose in the second half of 2022.

In addition to our four clinical stage candidates, we are advancing two new preclinical programs. Our most advanced preclinical program has led to the identification of PRT3645, a brain penetrant molecule that potently and selectively targets CDK4/6. IND-enabling studies for PRT3645 are ongoing and we intend to complete IND-enabling studies, file an IND and initiate a Phase 1 clinical trial in the second half of 2022. Our second pre-clinical program targets Brahma homologue, or BRM, otherwise known as SMARCA2. We have identified SMARCA2 protein degraders that appear to be potent based on preclinical data demonstrating degradation of SMARCA2 at sub-nanomolar concentrations. Optimization of the lead compound, PRT-SCA2, is progressing, and we intend to complete IND-enabling studies and submit an IND application by year-end 2022.

We were incorporated in February 2016 under the laws of the State of Delaware. Since inception, we have devoted substantially all of our resources to developing product and technology rights, conducting research and development, organizing and staffing our company, business planning and raising capital. We have incurred recurring losses, the majority of which are attributable to research and development activities, and negative cash flows from operations. We have funded our operations primarily through the sale of convertible preferred stock and common stock. Our net loss was $111.7 million and $56.9 million for the years ended December 31, 2021 and 2020, respectively. As of December 31, 2021, we had an accumulated deficit of $219.1 million. Our primary use of cash is to fund operating expenses, which consist primarily of research and development expenditures, and to a lesser extent, general and administrative expenditures. Our ability to generate product revenue sufficient to achieve profitability will depend heavily on the successful development and eventual commercialization of one or more of our current or future product candidates. We expect to continue to incur significant expenses and operating losses for the foreseeable future as we advance our product candidates through all stages of development and clinical trials and, ultimately, seek regulatory approval. In addition, if we obtain marketing approval for any of our product candidates, we expect to incur significant commercialization expenses related to product manufacturing, marketing, sales and distribution. Furthermore, we expect to incur additional costs associated with operating as a public company, including significant legal, accounting, investor relations and other expenses that we did not incur as a private company. Our net losses may fluctuate significantly from quarter-to-quarter and year-to-year, depending on the timing of our clinical trials and our expenditures on other research and development activities.

We will need to raise substantial additional capital to support our continuing operations and pursue our growth strategy. Until such time as we can generate significant revenue from product sales, if ever, we plan to finance our operations through the sale of equity, debt financings or other capital sources, which may include collaborations with other companies or other strategic transactions. There are no assurances that we will be successful in obtaining an adequate level of financing as and when needed to finance our operations on terms acceptable to us or at all. Any failure to raise capital as and when needed could have a negative impact on our financial condition and on our ability to pursue our business plans and strategies. If we are unable to secure adequate additional funding, we may have to significantly delay, scale back or discontinue the development and commercialization of one or more product candidates or delay our pursuit of potential in-licenses or acquisitions.

As of December 31, 2021, we had $291.2 million in cash, cash equivalents, and marketable securities. We expect our existing cash, cash equivalents and marketable securities will enable us to fund our operating expense and capital expenditures into the second half of 2024.

COVID-19 Impact

We are continuing to proactively monitor and assess the COVID-19 pandemic. Since early March 2020 we have been monitoring the potential impact on our business that may result from this rapidly evolving crisis and to avoid any unnecessary potential delays to our programs. At this time, our lead programs and research activities remain on track. The safety and well-being of employees, patients and partners is our highest priority. See the Risk Factor "*The COVID-19 pandemic could adversely impact our business, including our clinical trials and clinical trial operations*" for additional information.

Components of Results of Operations

Revenue

To date, we have not recognized any revenue from any sources, including from product sales, and we do not expect to generate any revenue from the sale of products in the foreseeable future. If our development efforts for our product candidates are successful and result in regulatory approval, or license agreements with third parties, we may generate revenue in the future from product sales. However, there can be no assurance as to when we will generate such revenue, if at all.

Operating Expenses

Research and Development Expenses

Research and development expenses consist primarily of costs incurred in connection with the discovery and development of our product candidates. We expense research and development costs as incurred, including:

- expenses incurred to conduct the necessary discovery-stage laboratory work, preclinical studies and clinical trials required to obtain regulatory approval;

- personnel expenses, including salaries, benefits and stock-based compensation expense for our employees engaged in research and development functions;
- costs of funding research performed by third parties, including pursuant to agreements with clinical research organizations, or CROs, that conduct our clinical trials, as well as investigative sites, consultants and CROs that conduct our preclinical and nonclinical studies;
- expenses incurred under agreements with contract manufacturing organizations, or CMOs, including manufacturing scale-up expenses and the cost of acquiring and manufacturing preclinical study and clinical trial materials;
- fees paid to consultants who assist with research and development activities;
- expenses related to regulatory activities, including filing fees paid to regulatory agencies; and
- allocated expenses for facility costs, including rent, utilities, depreciation and maintenance.

We track outsourced development costs and other external research and development costs to specific product candidates on a program-by-program basis, fees paid to CROs, CMOs and research laboratories in connection with our preclinical development, process development, manufacturing and clinical development activities. However, we do not track our internal research and development expenses on a program-by-program basis as they primarily relate to compensation, early research and other costs which are deployed across multiple projects under development.

Research and development activities are central to our business model. Product candidates in later stages of clinical development generally have higher development costs than those in earlier stages of clinical development, primarily due to the increased size and duration of later-stage clinical trials. We expect our research and development expenses to increase significantly over the next several years as we increase personnel costs, including stock-based compensation, conduct our clinical trials, including later-stage clinical trials, for current and future product candidates and prepare regulatory filings for our product candidates.

General and Administrative Expenses

General and administrative expenses consist primarily of personnel expenses, including salaries, benefits and stock-based compensation expense, for employees and consultants in executive, finance and accounting, legal, operations support, information technology and human resource functions. General and administrative expense also includes corporate facility costs not otherwise included in research and development expense, including rent, utilities, depreciation and maintenance, as well as legal fees related to intellectual property and corporate matters and fees for accounting and consulting services.

We expect that our general and administrative expense will increase in the future to support our continued research and development activities, potential commercialization efforts and increased costs of operating as a public company. These increases will likely include increased costs related to the hiring of additional personnel and fees to outside consultants, legal support and accountants, among other expenses. Additionally, we anticipate increased costs associated with being a public company, including expenses related to services associated with maintaining compliance with the requirements of Nasdaq and the Securities and Exchange Commission, or SEC, insurance and investor relations costs. If any of our current or future product candidates obtains U.S. regulatory approval, we expect that we would incur significantly increased expenses associated with building a sales and marketing team.

Other Income, Net

Other income, net consists primarily of interest earned on our cash equivalents and marketable securities and grant income received from the State of Delaware. We anticipate re-applying for the grant from the State of Delaware from time to time as long as we maintain qualifying headcount levels in the State of Delaware. We expect our interest income, net to increase due to our investment of cash received from the sale of common stock.

Income Taxes

Since our inception, we have not recorded any income tax benefits for the net operating losses, or NOLs, we have incurred or for our research and development tax credits, as we believe, based upon the weight of available evidence, that it is more likely than not that all of our NOLs and tax credits will not be realized.

Results of Operations

Comparison of the Years Ended December 31, 2021 and 2020

The following table sets forth our results of operations for the years ended December 31, 2021 and 2020.

(in thousands)	Year ended December 31, 2021	2020	Change
Operating expenses:			
Research and development	$ 86,778	$ 48,177	$ 38,601
General and administrative	26,957	10,586	16,371
Total operating expenses	113,735	58,763	54,972
Loss from operations	(113,735)	(58,763)	(54,972)
Other income, net	2,041	1,834	207
Net loss	$ (111,694)	$ (56,929)	$ (54,765)

Research and Development Expenses

Research and development expenses increased by $38.6 million to $86.8 million for the year ended December 31, 2021 from $48.2 million for the year ended December 31, 2020. The increase was mainly due to increased clinical research costs to support the advancement of our clinical programs, as well as an increase in discovery-stage program expenses. We also incurred an increase in chemistry, manufacturing and other costs for the trials. We track our external research and development expenses on a program-by-program basis, such as fees paid to CROs, CMOs and research laboratories in connection with our pre-clinical development, process development, manufacturing and clinical development activities. However, we do not track our internal research and development expenses on a program-by-program basis as they primarily relate to compensation, early research and other costs which are deployed across multiple projects under development.

Research and development expenses by program are summarized in the table below:

(in thousands)	Year ended December 31, 2021	2020
PRT543	$ 12,775	$ 10,641
PRT811	12,534	4,660
PRT1419 (Oral and IV)	8,442	8,258
Discovery programs	20,823	7,981
Internal costs, including personnel related	32,204	16,637
	$ 86,778	$ 48,177

General and Administrative Expenses

General and administrative expenses increased by $16.4 million to $27.0 million for the year ended December 31, 2021 from $10.6 million for the year ended December 31, 2020. The increase was primarily due to an increase in personnel related expense due to increases in employee headcount and an increase in our professional fees as we expanded our operations to support our research and development efforts and incurred additional costs as a result of being as a public company.

Other Income, net

Other income, net increased by $0.2 million to $2.0 million for the year ended December 31, 2021 from $1.8 million for the year ended December 31, 2020. Other income, net comprises primarily research and development tax credits from the State of Delaware as well as additional interest earned on the investment of our cash proceeds.

Liquidity and Capital Resources

Overview

Since our inception, we have not recognized any revenue and have incurred operating losses and negative cash flows from our operations. We have not yet commercialized any product and we do not expect to generate revenue from sales of

any products for several years, if at all. Since our inception, we have funded our operations through the sale of convertible preferred stock and common stock. As of December 31, 2021, we had $291.2 million in cash, cash equivalents, and marketable securities and had an accumulated deficit of $219.1 million. We expect our existing cash, cash equivalents, and marketable securities will enable us to fund our operating expense and capital expenditures into the second half of 2024. We have based these estimates on assumptions that may prove to be imprecise, and we could utilize our available capital resources sooner than we expect.

Funding Requirements

Our primary use of cash is to fund operating expenses, primarily research and development expenditures. Cash used to fund operating expenses is impacted by the timing of when we pay these expenses, as reflected in the change in our outstanding accounts payable, accrued expenses and prepaid expenses.

Because of the numerous risks and uncertainties associated with research, development and commercialization of pharmaceutical products, we are unable to estimate the exact amount of our operating capital requirements. Our future funding requirements will depend on many factors, including, but not limited to:

- the scope, timing, progress and results of discovery, preclinical development, laboratory testing and clinical trials for our product candidates;
- the costs of manufacturing our product candidates for clinical trials and in preparation for marketing approval and commercialization;
- the extent to which we enter into collaborations or other arrangements with additional third parties in order to further develop our product candidates;
- the costs of preparing, filing and prosecuting patent applications, maintaining and enforcing our intellectual property rights and defending intellectual property-related claims;
- the costs and fees associated with the discovery, acquisition or in-license of additional product candidates or technologies;
- expenses needed to attract and retain skilled personnel;
- costs associated with being a public company;
- the costs required to scale up our clinical, regulatory and manufacturing capabilities;
- the costs of future commercialization activities, if any, including establishing sales, marketing, manufacturing and distribution capabilities, for any of our product candidates for which we receive marketing approval; and
- revenue, if any, received from commercial sales of our product candidates, should any of our product candidates receive marketing approval.

We will need additional funds to meet operational needs and capital requirements for clinical trials, other research and development expenditures, and business development activities. We currently have no credit facility or committed sources of capital. Because of the numerous risks and uncertainties associated with the development and commercialization of our product candidates, we are unable to estimate the amounts of increased capital outlays and operating expenditures associated with our current and anticipated clinical studies.

Until such time, if ever, as we can generate substantial product revenue, we expect to finance our operations through a combination of equity offerings, debt financings, collaborations, strategic alliances and marketing, distribution or licensing arrangements. To the extent that we raise additional capital through the sale of equity or convertible debt securities, ownership interests will be diluted, and the terms of these securities may include liquidation or other preferences that adversely affect the rights of common stockholders. Debt financing and preferred equity financing, if available, may involve agreements that include covenants limiting or restricting our ability to take specific actions, such as incurring additional debt, making acquisitions or capital expenditures or declaring dividends. If we raise additional funds through collaborations, strategic alliances or marketing, distribution or licensing arrangements with third parties, we may have to relinquish valuable rights to our technologies, future revenue streams, research programs or product candidates, or grant licenses on terms that may not be favorable to us. If we are unable to raise additional funds through equity or debt financings or other arrangements when needed, we may be required to delay, limit, reduce or terminate our research, product development or future

commercialization efforts, or grant rights to develop and market product candidates that we would otherwise prefer to develop and market ourselves.

Cash Flows

The following table shows a summary of our cash flows for the periods indicated:

	Years ended December 31,	
(in thousands)	**2021**	**2020**
Cash used in operating activities	$ (83,531)	$ (46,177)
Cash used in investing activities	(263,803)	(621)
Cash provided by financing activities	164,897	246,228
Net increase in cash and cash equivalents	$ (182,437)	$ 199,430

Operating Activities

During the year ended December 31, 2021, we used $83.5 million of cash in operating activities. Cash used in operating activities reflected our net loss of $111.7 million, offset by a $3.6 million net decrease in our operating assets and liabilities and noncash charges of $24.5 million, which consisted of $20.9 million in stock-based compensation, $1.4 million in amortization of premiums and discounts on marketable securities, $1.3 million noncash lease expense, and $0.9 million in depreciation. The primary use of cash was to fund our operations related to the development of our product candidates.

During the year ended December 31, 2020, we used $46.2 million of cash in operating activities. Cash used in operating activities reflected our net loss of $56.9 million, offset by a $4.6 million net decrease in our operating assets and liabilities and noncash charges of $6.1 million, which consisted of $0.5 million in depreciation and amortization and $5.6 million in stock-based compensation. The primary use of cash was to fund our operations related to the development of our product candidates.

Investing Activities

During the year ended December 31, 2021 we used $261.5 million of cash to purchase marketable securities and $2.3 million of cash for the purchase of property and equipment. During the year ended December 31, 2020 we used $0.6 million of cash for the purchase of property and equipment.

Financing Activities

During the year ended December 31, 2021, financing activities provided $164.9 million, which reflected the receipt of net cash of $161.4 million from the sale of common stock as well as the receipt of $3.8 million from the exercise of stock options and purchases of stock under the Employee Stock Purchase Plan. During the year ended December 31, 2021, we also paid $0.3 million in deferred offering costs in connection with the sale of common stock.

During the year ended December 31, 2020, financing activities provided $246.2 million. During the year ended December 31, 2020, we completed our IPO and received net cash of $166.6 million. We also received $49.8 million from the sale of our Series C convertible preferred stock, $29.9 million from the sale of our Series B convertible preferred stock and $0.1 million from the exercise of stock options. During the year ended December 31, 2020, we made $0.3 million in payments for our capital lease obligation.

Contractual obligations and other commitments

The following table summarizes our contractual obligations as of December 31, 2021 and the effects that such obligations are expected to have on our liquidity and cash flows in future periods:

	Payments Due by Period				
(in thousands)	**Less than 1 year**	**1 to 3 years**	**3 to 5 years**	**More than 5 years**	**Total**
Operating leases	$ 2,016	$ 2,981	$ 4,759	$ 26,098	$ 35,854

The Company leases office and laboratory space in Wilmington, Delaware under a noncancelable lease (the "Lease"), which expires in December 2022. The Lease was amended during the third quarter of 2021 to include additional office and laboratory space to accommodate the Company's growth. The Company has an option to renew the Lease for an additional 1-year period.

In November 2021, we entered into a lease agreement (the "Chestnut Run Lease") with a commencement date of the earlier of (i) the Landlord Work Substantial Completion Date (as such term is defined in the Chestnut Run Lease), or (ii) the date the Company takes possession of the premises for the conduct of the Company's business. The Chestnut Run Lease has an initial term of 162 months with 3 five-year extension options and certain expansion rights. The aggregate estimated rent payments due over the initial term of the Chestnut Run Lease is approximately $33.8 million and are included in the table above.

In June 2021, the Company entered into a 12-month noncancelable lease, which commenced on July 1, 2021 and will expire on June 30, 2022, and has remaining lease payments of approximately $0.2 million in 2022.

Critical Accounting Policies and Estimates

While our significant accounting policies are described in more detail in Note 3 to our audited financial statements included elsewhere in this Annual Report on Form 10-K, we believe the following accounting policies are the most critical to the judgments and estimates used in the preparation of our financial statements.

Research and Development Expenses

Research and development expenses consist primarily of costs incurred in connection with the development of our product candidates. We expense research and development costs as incurred.

We accrue an expense for preclinical studies and clinical trial activities performed by our CROs and vendors based upon estimates of the proportion of work completed. We determine the estimates by reviewing contracts, vendor agreements and purchase orders, and through discussions with our internal clinical personnel and external service providers as to the progress or stage of completion of trials or services and the agreed-upon fee to be paid for such services. However, actual costs and timing of clinical trials are highly uncertain, subject to risks and may change depending upon a number of factors, including our clinical development plan.

We make estimates of our accrued expenses as of each balance sheet date in our financial statements based on facts and circumstances known at that time. If the actual timing of the performance of services or the level of effort varies from the estimate, we will adjust the accrual accordingly. Nonrefundable advance payments for goods and services, including fees for clinical trial expenses, process development or manufacturing and distribution of clinical supplies that will be used in future research and development activities, are deferred and recognized as expense in the period that the related goods are consumed or services are performed.

Share-Based Compensation

We recognize compensation costs related to share-based awards granted to employees and directors, including stock options and vesting restricted stock, based on the estimated fair value of the awards on the date of grant. We estimate the grant date fair value of stock options, and the resulting stock-based compensation, using the Black-Scholes option-pricing model. The grant date fair value of the stock-based awards is recognized on a straight-line basis over the requisite service period, which is generally the vesting period of the respective awards.

We estimate the fair value of stock options using the Black-Scholes option-pricing model, which requires assumptions, including volatility, the expected term of our stock options, the risk-free interest rate for a period that approximates the expected term of our stock options, and our expected dividend yield. Certain assumptions used in our Black-Scholes option-pricing model represent management's best estimates and involve a number of variables, uncertainties and assumptions and the application of management's judgment, as they are inherently subjective. If any assumptions change, our stock-based compensation expense could be materially different in the future.

These subjective assumptions are estimated as follows:

Expected volatility—As a privately held company we did not have any trading history for our common stock; accordingly the expected volatility was estimated based on the average volatility for comparable publicly traded biotechnology companies over a period equal to the expected term of the stock option grants. The comparable companies were chosen based on their similar size, stage in the life cycle or area of specialty. As a public company we have computed the historical volatility of our own stock price and will continue to use the average volatility for comparable publicly traded biotechnology companies until we have ample trading history of our own stock commensurate with the estimated expected term of our options.

Expected Term — The expected term represents the period that stock-based awards are expected to be outstanding. The expected term for option grants is determined using the simplified method. The simplified method deems the expected term to be the midpoint between the vesting date and the contractual life of the stock-based awards.

JOBS Act Accounting Election

We are an "emerging growth company," as defined in the Jumpstart Our Business Startups Act of 2012, or the JOBS Act. Under the JOBS Act, emerging growth companies can delay adopting new or revised accounting standards issued subsequent to the enactment of the JOBS Act until such time as those standards apply to private companies.

We have elected to use this extended transition period for complying with new or revised accounting standards that have different effective dates for public and private companies until the earlier of the date we (i) are no longer an emerging growth company or (ii) affirmatively and irrevocably opt out of the extended transition period provided in the JOBS Act. As a result, our financial statements may not be comparable to companies that comply with new or revised accounting pronouncements as of public company effective dates.

We will remain an emerging growth company until the earliest of (1) the last day of our first fiscal year (a) in which we have total annual gross revenues of at least $1.07 billion, or (b) in which we are deemed to be a large accelerated filer, which means the market value of our common stock that is held by non-affiliates exceeds $700.0 million as of the prior June 30th, (2) the date on which we have issued more than $1.0 billion in non-convertible debt securities during the prior three-year period and (3) December 31, 2025.

Recent Accounting Pronouncements

See Note 3 to our financial statements included elsewhere in this Annual Report on Form 10-K for a description of recent accounting pronouncements applicable to our financial statements.

Emerging Growth Company and Smaller Reporting Company Status

In April 2012, the Jumpstart Our Business Startups Act of 2012, or the JOBS Act, was enacted. Section 107 of the JOBS Act provides that an "emerging growth company" can take advantage of the extended transition period provided in Section 7(a)(2)(B) of the Securities Act of 1933, as amended, for complying with new or revised accounting standards. Thus, an emerging growth company can delay the adoption of certain accounting standards until those standards would otherwise apply to private companies. We have elected to avail ourselves of this exemption from complying with new or revised accounting standards and, therefore, will not be subject to the same new or revised accounting standards as other public companies that are not emerging growth companies. As a result, our financial statements may not be comparable to companies that comply with new or revised accounting pronouncements as of public company effective dates.

Subject to certain conditions, as an emerging growth company, we may rely on certain other exemptions and reduced reporting requirements, including without limitation, exemption to the requirements for providing an auditor's attestation report on our system of internal controls over financial reporting pursuant to Section 404(b) of the Sarbanes-Oxley Act. We will remain an emerging growth company until the earlier to occur of (a) the last day of the fiscal year (i) following the fifth anniversary of the completion of our IPO, (ii) in which we have total annual gross revenues of at least $1.07 billion or (iii) in which we are deemed to be a "large accelerated filer" under the rules of the SEC, which means the market value of our common stock that is held by non-affiliates exceeds $700.0 million as of the prior June 30th, or (b) the date on which we have issued more than $1.0 billion in non-convertible debt during the prior three-year period.

We are also a “smaller reporting company,” meaning that the market value of our stock held by non-affiliates is less than $700.0 million and our annual revenue is less than $100.0 million during the most recently completed fiscal year. We may continue to be a smaller reporting company after if either (i) the market value of our stock held by non-affiliates is less than $250.0 million or (ii) our annual revenue is less than $100.0 million during the most recently completed fiscal year and the market value of our stock held by non-affiliates is less than $700.0 million. If we are a smaller reporting company at the time we cease to be an emerging growth company, we may continue to rely on exemptions from certain disclosure requirements that are available to smaller reporting companies. Specifically, as a smaller reporting company we may choose to present only the two most recent fiscal years of audited financial statements in our Annual Report on Form 10-K and, similar to emerging growth companies, smaller reporting companies have reduced disclosure obligations regarding executive compensation.

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

We are a smaller reporting company as defined by Rule 12b-2 of the Exchange Act and are not required to provide the information required under this item.

Item 8. Financial Statements and Supplementary Data.

INDEX TO FINANCIAL STATEMENTS

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Stockholders and the Board of Directors of Prelude Therapeutics Incorporated

Opinion on the Financial Statements

We have audited the accompanying balance sheets of Prelude Therapeutics Incorporated (the Company) as of December 31, 2021 and 2020, the related statements of operations and comprehensive loss, changes in convertible preferred stock and stockholders' equity (deficit) and cash flows for the years then ended, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2021 and 2020, and the results of its operations and its cash flows for the years then ended in conformity with U.S. generally accepted accounting principles.

Basis for Opinion

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

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

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

/s/ Ernst & Young LLP

We have served as the Company's auditor since 2019.

Philadelphia, Pennsylvania

March 17, 2022

PRELUDE THERAPEUTICS INCORPORATED

BALANCE SHEETS

(in thousands, except share and per share data)	December 31, 2021	December 31, 2020
Assets		
Current assets:		
Cash and cash equivalents	$ 31,828	$ 218,309
Marketable securities	259,405	—
Prepaid expenses and other current assets	3,882	2,500
Total current assets	295,115	220,809
Restricted cash	4,044	—
Property and equipment, net	3,929	2,480
Right-of-use asset	1,707	—
Other assets	303	301
Total assets	$ 305,098	$ 223,590
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable	$ 7,840	$ 3,920
Accrued expenses and other current liabilities	9,621	7,455
Operating lease liability	1,740	—
Total current liabilities	19,201	11,375
Other liabilities	—	32
Total liabilities	19,201	11,407
Commitments (note 8)		
Stockholders' equity:		
Voting common stock, $0.0001 par value: 487,149,741 shares authorized; 36,200,299 and 32,595,301 shares issued and outstanding at December 31, 2021 and 2020, respectively	4	3
Non-voting common stock, $0.0001 par value: 12,850,259 shares authorized; 11,402,037 and 11,110,371 shares issued and outstanding at December 31, 2021 and 2020, respectively	1	1
Additional paid-in capital	505,723	319,605
Accumulated other comprehensive income (loss)	(711)	—
Accumulated deficit	(219,120)	(107,426)
Total stockholders' equity	285,897	212,183
Total liabilities and stockholders' equity	$ 305,098	$ 223,590

See accompanying notes to financial statements.

PRELUDE THERAPEUTICS INCORPORATED

STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS

(in thousands, except share and per share data)	Year ended December 31, 2021	2020
Operating expenses:		
Research and development	$ 86,778	$ 48,177
General and administrative	26,957	10,586
Total operating expenses	113,735	58,763
Loss from operations	(113,735)	(58,763)
Other income, net	2,041	1,834
Net loss	$ (111,694)	$ (56,929)
Per share information:		
Net loss per share of common stock, basic and diluted	$ (2.43)	$ (4.56)
Weighted average common shares outstanding, basic and diluted	46,049,763	12,478,463
Comprehensive loss		
Net loss	$ (111,694)	$ (56,929)
Unrealized gain (loss) on marketable securities, net of tax	(711)	—
Comprehensive loss	$ (112,405)	$ (56,929)

See accompanying notes to financial statements.

PRELUDE THERAPEUTICS INCORPORATED

STATEMENTS OF CHANGES IN CONVERTIBLE PREFERRED STOCK AND STOCKHOLDERS' EQUITY (DEFICIT)

	Stockholders' equity (deficit)							
	Voting common stock		Non-voting common stock		Additional paid-in capital	Accumulated Other Comprehensive Income (Loss)	Accumulated deficit	Total
(in thousands, except shares)	Shares	Amount	Shares	Amount				
Balance at December 31, 2020	32,595,301	$ 3	11,110,371	$ 1	$ 319,605	$ —	$ (107,426)	$ 212,183
Issuance of common stock upon exercise of stock options	995,950	—	—	—	3,504	—	—	3,504
Sale of common stock, net of offering costs of $739	2,583,334	1	291,666	—	161,411	—	—	161,412
Issuance of common stock under ESPP	25,714	—	—	—	272	—	—	272
Unrealized gain (loss) on marketable securities, net of tax	—	—	—	—	—	(711)	—	(711)
Stock-based compensation expense	—	—	—	—	20,931	—	—	20,931
Net loss	—	—	—	—	—	—	(111,694)	(111,694)
Balance at December 31, 2021	36,200,299	$ 4	11,402,037	$ 1	$ 505,723	$ (711)	$ (219,120)	$ 285,897

See accompanying notes to financial statements.

PRELUDE THERAPEUTICS INCORPORATED

STATEMENTS OF CHANGES IN CONVERTIBLE PREFERRED STOCK AND STOCKHOLDERS' EQUITY (DEFICIT) (CONTUNIUED)

(in thousands, except shares)	Convertible preferred stock						Stockholders' equity (deficit)						
	Series A		Series B		Series C		Voting common stock		Non-voting common stock		Additional paid-in capital	Accumulated deficit	Total
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount			
Balance at January 1, 2020	11,736,119	$ 36,595	7,628,846	$ 29,848	—	$ —	3,161,653	$ —	—	$ —	$ 1,085	$ (50,497)	$ (49,412)
Exercise of stock options	—	—	—	—	—	—	100,545	—	—	—	100	—	100
Sale of Series B convertible preferred stock, net of issuance costs of $58	—	—	7,628,846	29,942			—	—	—	—	—	—	—
Sale of Series C convertible preferred stock, net of issuance costs of $174	—	—	—	—	3,443,612	49,826	—	—	—	—	—	—	—
Conversion of convertible preferred stock upon initial public offering	(11,736,119)	(36,595)	(15,257,692)	(59,790)	(3,443,612)	(49,826)	19,327,052	2	11,110,371	1	146,208	—	146,211
Sale of common stock in initial public offering, net of issuance costs of $2,538	—	—	—	—	—	—	9,573,750	1	—	—	166,629	—	166,630
Stock-based compensation expense, including issuance of RSAs	—	—	—	—	—	—	432,301	—	—	—	5,583	—	5,583
Net loss	—	—	—	—	—	—	—	—	—	—	—	(56,929)	(56,929)
Balance at December 31, 2020	—	$ —	—	$ —	—	$ —	32,595,301	$ 3	11,110,371	$ 1	$ 319,605	$ (107,426)	$ 212,183

See accompanying notes to financial statements.

PRELUDE THERAPEUTICS INCORPORATED

STATEMENTS OF CASH FLOWS

(in thousands)	Year ended December 31, 2021	2020
Cash flows used in operating activities:		
Net loss	$ (111,694)	$ (56,929)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	915	542
Noncash lease expense	1,328	—
Loss on disposal of property and equipment	—	11
Stock-based compensation	20,931	5,583
Amortization of premium and discount on marketable securities, net	1,364	—
Changes in operating assets and liabilities:		
Prepaid expenses and other current assets	(1,382)	(1,155)
Accounts payable	3,903	1,157
Accrued expenses and other liabilities	2,463	4,614
Operating lease liabilities	(1,359)	—
Net cash used in operating activities	(83,531)	(46,177)
Cash flows used in investing activities:		
Purchases of marketable securities	(261,480)	—
Purchases of property and equipment	(2,323)	(621)
Net cash used in investing activities	(263,803)	(621)
Cash flows provided by financing activities:		
Proceeds from the sale of common stock, net of offering costs	161,424	—
Proceeds from the issuance of common stock upon initial public offering, net of offering costs	—	166,630
Proceeds from the sale of Series C convertible preferred stock, net of offering costs	—	49,826
Proceeds from the sale of Series B convertible preferred stock, net of offering costs	—	29,942
Payment of offering costs	(303)	(12)
Payment of capital lease obligation	—	(258)
Proceeds from issuance of common stock in connection with the exercise of stock options	3,504	100
Proceeds from the issuance of common stock under ESPP	272	—
Net cash provided by financing activities	164,897	246,228
Net (decrease) increase in cash and cash equivalents	(182,437)	199,430
Cash, cash equivalents and restricted cash at beginning of year	218,309	18,879
Cash, cash equivalents and restricted cash at end of year	$ 35,872	$ 218,309
Supplemental disclosures:		
Operating lease right-of-use assets obtained in exchange for operating lease liabilities	$ 567	—
Property and equipment in accounts payable	$ 806	$ 765
Unrealized gain (loss) on marketable securities	$ (711)	—
Offering costs in accrued expenses	$ —	$ 265
Offering costs in accounts payable	$ —	$ 24

See accompanying notes to financial statements.

1. Nature of Operations

Prelude Therapeutics Incorporated (the "Company") was incorporated in Delaware on February 5, 2016 and is a clinical-stage fully integrated oncology company built on a foundation of drug discovery excellence to deliver novel precision cancer medicines to underserved patients. Since beginning operations, the Company has devoted substantially all its efforts to research and development, conducting preclinical and clinical studies, recruiting management and technical staff, administration, and raising capital.

2. Risks and Liquidity

The Company is subject to a number of risks common to early-stage companies in the biotechnology industry. Principal among these risks are the uncertainties in the development process, development of the same or similar technological innovations by competitors, protection of proprietary technology, dependence on key personnel, compliance with government regulations and approval requirements, and the need to obtain additional financing to fund operations. Product candidates currently under development will require significant additional research and development efforts, including extensive pre-clinical and clinical testing and regulatory approval, prior to commercialization. These efforts require significant amounts of additional capital, adequate personnel infrastructure, and extensive compliance-reporting capabilities. There can be no assurance that the Company's research and development will be successfully completed, that adequate protection for the Company's technology will be obtained, that any products developed will obtain necessary government regulatory approval, or that any approved products will be commercially viable. The Company operates in an environment of rapid change in technology and substantial competition from pharmaceutical and biotechnology companies. In addition, the Company is dependent upon the services of its employees, consultants and contractors.

Since its inception, the Company has incurred operating losses and had an accumulated deficit of $219.1 million at December 31, 2021. The Company has no revenue to date and devotes its efforts to research and development. The Company anticipates incurring additional losses until such time, if ever, that it can generate significant sales of its product candidates currently in development.

The Company believes that its cash, cash equivalents and marketable securities as of December 31, 2021 will be sufficient to fund its operating expenses and capital expenditure requirements into the second half of 2024.

To fund its operating expenses and capital expenditure requirements after that date, the Company plans to seek additional funding through public or private equity offerings, debt financings, collaborations, strategic alliances and licensing arrangements. The Company may not be able to obtain financing on acceptable terms, or at all, and the Company may not be able to enter into strategic alliances or other arrangements on favorable terms, or at all. The terms of any financing may adversely affect the holdings or the rights of the Company's stockholders. If the Company is unable to obtain funding, the Company could be required to delay, reduce or eliminate research and development programs, product portfolio expansion or future commercialization efforts, which could adversely affect its business prospects.

On March 10, 2020, the World Health Organization characterized the novel COVID-19 virus as a global pandemic. There is significant uncertainty as to the likely effects of this disease and emerging variants which may, among other things, materially impact the Company's planned clinical trials. This pandemic or outbreak could result in difficulty securing clinical trial site locations, CROs, and/or trial monitors and other critical vendors and consultants supporting the trial. In addition, outbreaks or the perception of an outbreak near a clinical trial site location could impact the Company's ability to enroll patients. These situations, or others associated with COVID-19, could cause delays in the Company's clinical trial plans and could increase expected costs, all of which could have a material adverse effect on the Company's business and its financial condition. At the current time, the Company is unable to quantify the potential effects of this pandemic on its future financial statements.

3. Summary of Significant Accounting Policies

Basis of Presentation

The accompanying financial statements have been prepared in accordance with generally accepted accounting principles ("GAAP"). Any reference in these notes to applicable guidance is meant to refer to GAAP as found in the Accounting Standards Codification ("ASC") and Accounting Standards Updates ("ASU") promulgated by the Financial Accounting Standards Board ("FASB").

Use of Estimates

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

Estimates and assumptions are periodically reviewed and the effects of the revisions are reflected in the accompanying financial statements in the period they are determined to be necessary. The most significant estimate relates to accrued clinical trial expenses.

Concentration of Credit Risk

Financial instruments that potentially subject the Company to significant concentrations of credit risk consist of cash, cash equivalents, and marketable securities. The Company maintains deposits in federally insured financial institutions in excess of federally insured limits. The Company has not experienced any losses in such accounts and believes it is not exposed to significant credit risk beyond the normal credit risk associated with commercial banking relationships.

Segment Information

Operating segments are defined as components of an enterprise about which separate discrete information is available for evaluation by the chief operating decision maker, or decision-making group, in deciding how to allocate resources and in assessing performance. The Company views and manages its operations as a single operating segment.

Fair Value of Financial Instruments

Management believes that the carrying amounts of the Company's financial instruments, including cash, restricted cash, accounts payable, and accrued expenses, approximate fair value due to the short-term nature of these instruments.

Cash, Cash Equivalents and Restricted cash

The Company's cash equivalents include short-term highly liquid investments with an original maturity of 90 days or less when purchased and are carried at fair value in the accompanying balance sheets.

Restricted cash comprises a letter of credit for the benefit of the landlord in connection with the Company's new lease facility. See note 8 for further details.

The following table provides a reconciliation of cash and cash equivalents and restricted cash reported within the balance sheet that total to the amounts shown in the statement of cash flows:

	December 31,	
(in thousands)	**2021**	**2020**
Cash and cash equivalents	$ 31,828	$ 218,309
Restricted cash	4,044	-
Total cash, cash equivalents, and restricted cash shown in statement of cash flows	$ 35,872	$ 218,309

Marketable Securities

The Company's marketable securities consist of investments in corporate debt securities and commercial paper that are classified as available-for-sale. The securities are carried at fair value with the unrealized gains and losses, net of tax, included in accumulated other comprehensive income (loss), a component of stockholders' equity (deficit). Realized gains and losses and declines in value determined to be other than temporary are included in the Company's statements of operations. The Company classifies marketable securities that are available for use in current operations as current assets on the balance sheets.

Property and Equipment

Property and equipment are stated at cost less accumulated depreciation and amortization. Depreciation expense is recognized using the straight-line method over the estimated useful life of the asset, ranging from 5-7 years as follows:

Fixed Asset Type	Estimated useful life
Lab equipment	5 years
Furniture and fixtures	7 years

Leasehold improvements are amortized over the shorter of the estimated useful life of the assets or the remaining lease term. Assets under capital leases are recorded in property and equipment, net on the balance sheets and depreciated in a manner similar to other property and equipment.

Expenditures for repairs and maintenance of assets are charged to expense as incurred, while major betterments are capitalized. Upon retirement or sale, the cost and related accumulated depreciation of assets disposed of are removed from the accounts and any resulting gain or loss is included in the statements of operations.

The Company reviews long-lived assets, such as property and equipment, for impairment when events or changes in circumstances indicate the carrying amount of the assets may not be recoverable. If indicators of impairment are present, the assets are tested for recoverability by comparing the carrying amount of the assets to the related estimated future undiscounted cash flows that the assets are expected to generate. If the expected cash flows are less than the carrying value of the asset, then the asset is considered to be impaired and its carrying value is written down to fair value, based on the related estimated discounted future cash flows.

Comprehensive loss

Comprehensive loss includes net loss and certain changes in stockholders' equity (deficit) that are excluded from net loss. The Company's comprehensive loss for the year ended December 31, 2021 comprised net loss and unrealized gain(loss) on marketable securities. The Company's comprehensive loss was equal to net loss for the year ended December 31, 2020.

Stock-Based Compensation

The Company measures share-based awards at their grant-date fair value and records compensation expense on a straight-line basis over the vesting period of the awards.

Estimating the fair value of share-based awards requires the input of subjective assumptions, including, for stock options, the expected life of the options and stock price volatility. The Company accounts for forfeitures for stock option awards as they occur. The Company uses the Black-Scholes option pricing model to value its stock option awards. The assumptions used in estimating the fair value of share-based awards represent management's estimate and involve inherent uncertainties and the application of management's judgment. As a result, if factors change and management uses different assumptions, share-based compensation expense could be materially different for future awards.

The expected life of the stock options is estimated using the "simplified method", as the Company has limited historical information from which to develop reasonable expectations about future exercise patterns and post-vesting employment termination behavior for its stock option grants. The simplified method is the midpoint between the vesting period and the contractual term of the option. For stock price volatility, the Company uses comparable public companies as a basis for its

expected volatility to calculate the fair value of option grants. The risk-free rate is based on the U.S. Treasury yield curve commensurate with the expected life of the option.

Grant Income and Research and Development Tax Credits

The Company recognizes grant income and Delaware research and development tax credits, which are refundable irrespective of taxable income, in other income, net in the statements of operations when it is probable that the amounts will be received and the necessary qualifying conditions, as stated in the agreements, are met.

Research and Development

Research and development costs are expensed as incurred. Research and development expenses consist principally of personnel costs, including salaries, stock-based compensation, and benefits of employees, and other operational costs related to the Company's research and development activities, including allocated facility-related expenses and external costs of outside vendors, such as clinical research organizations and clinical manufacturing organizations, and other direct and indirect costs.

Management makes estimates of the Company's accrued research and development expenses as of each balance sheet date in the Company's financial statements based on facts and circumstances known to the Company at that time. If the actual timing of the performance of services or the level of effort varies from the estimate, the Company will adjust the accrual accordingly. Nonrefundable advance payments for goods and services, including fees for process development or manufacturing and distribution of clinical supplies that will be used in future research and development activities, are deferred and recognized as expense in the period that the related goods are consumed or services are performed.

Income Taxes

Income taxes are accounted for under the asset-and-liability method as required by FASB ASC Topic 740, *Income Taxes* ("ASC 740"). Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period corresponding to the enactment date. Under ASC 740, a valuation allowance is required when it is more likely than not all or some portion of the deferred tax assets will not be realized through generating sufficient future taxable income.

FASB ASC Subtopic 740-10, *Accounting for Uncertainty of Income Taxes*, ("ASC 740-10") defines the criterion an individual tax position must meet for any part of the benefit of the tax position to be recognized in financial statements prepared in conformity with GAAP. The Company may recognize the tax benefit from an uncertain tax position only if it is more likely than not such tax position will be sustained on examination by the taxing authorities, based solely on the technical merits of the respective tax position. The tax benefits recognized in the financial statements from such a tax position should be measured based on the largest benefit having a greater than 50% likelihood of being realized upon ultimate settlement with the tax authority. In accordance with the disclosure requirements of ASC 740-10, the Company's policy on income statement classification of interest and penalties related to income tax obligations is to include such items as part of total interest expense and other expense, respectively.

Net Loss Per Share

Basic net loss per share of common stock is computed by dividing net loss by the weighted-average number of shares of common stock outstanding during each period. The weighted-average number of shares of common stock outstanding used in the basic net loss per share calculation does not include unvested restricted stock awards as these instruments are considered contingently issuable shares until they vest. Diluted net loss per share of common stock includes the effect, if any, from the potential exercise of stock options, and the effect from unvested restricted stock awards and restricted stock units which would result in the issuance of incremental shares of common stock. For diluted net loss per share, the weighted-average number of shares of common stock is the same for basic net loss per share due to the fact that when a net loss exists, dilutive securities are not included in the calculation as the impact is anti-dilutive. The Company's unvested restricted stock awards

entitles the holder to participate in dividends and earnings of the Company, and, if the Company were to recognize net income, it would have to use the two-class method to calculate earnings per share. The two-class method is not applicable during periods with a net loss, as the holders of the unvested restricted stock awards have no obligation to fund losses.

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

	December 31,	
	2021	2020
Unvested restricted stock awards	611,608	1,214,767
Unvested restricted stock units	20,000	—
Stock options	7,179,482	6,839,091
	7,811,090	8,053,858

Amounts in the above table reflect the common stock equivalents.

Recently Issued Accounting Pronouncements

Emerging Growth Company Status

The Company is an emerging growth company, as defined in the Jumpstart Our Business Startups Act of 2012 (the "JOBS Act"). Under the JOBS Act, emerging growth companies can delay adopting new or revised accounting standards issued subsequent to the enactment of the JOBS Act, until such time as those standards apply to private companies. The Company has elected to use this extended transition period for complying with new or revised accounting standards that have different effective dates for public and private companies until the earlier of the date that it (i) is no longer an emerging growth company or (ii) affirmatively and irrevocably opts out of the extended transition period provided in the JOBS Act. As a result, these financial statements may not be comparable to companies that comply with the new or revised accounting pronouncements as of public company effective dates.

Recently Adopted Accounting Pronouncements

On January 1, 2021, the Company adopted ASC 842 issued by the FASB in February 2016, which was subsequently supplemented by clarifying guidance to improve financial reporting of leasing transactions. The new lease accounting guidance requires lessees to recognize lease liabilities and right-of-use assets on the balance sheet for all leases with initial terms longer than 12 months and provides enhanced disclosures on key information of leasing arrangements.

The Company adopted the new standard using the modified retrospective transition method utilizing the optional transition method and elected the package of practical expedients. Accordingly, prior periods were not restated to reflect the adopted standard. In accordance with the guidance in ASC 842, components of a lease should be split into three categories: lease components (e.g., land, building, etc.), non-lease components (e.g., common area maintenance, maintenance, consumables, etc.), and non-components (e.g., property taxes, insurance, etc.). The Company has elected the practical expedient to account for the lease and non-lease components of each of its operating leases as a single lease component and allocate all of the contract consideration to the lease component only. Upon adoption, the Company recorded a right of use asset of $2.5 million and corresponding operating lease liabilities of $2.5 million, with an offset to accrued expenses and other current liabilities of approximately $64,000 to eliminate deferred rent on the balance sheets.

At lease commencement, the Company records a lease liability based on the present value of lease payments over the expected lease term including any options to extend the lease that the Company is reasonably certain to exercise. The Company calculates the present value of lease payments using an incremental borrowing rate as the Company's leases do not provide an implicit interest rate. The Company's incremental borrowing rate for a lease is the rate of interest it would have to pay on a collateralized basis to borrow an amount equal to the lease payments under similar terms. At the lease commencement date, the Company records a corresponding right-of-use lease asset based on the lease liability, adjusted for any lease incentives received and any initial direct costs paid to the lessor prior to the lease commencement date. The Company may enter into leases with an initial term of 12 months or less ("Short-Term Leases"). For Short-Term Leases, the Company records the rent expense on a straight-line basis and does not record the leases on the balance sheet. The Company

entered into a short-term lease in June 2021 and elected the short-term lease exemption that allows the Company to record the rent expense on a straight-line basis and does not require the recognition of a right-of-use asset or corresponding operating lease liability. Refer to Note 8 for the Company's lease disclosures.

After lease commencement, the Company measures its leases as follows: (i) the lease liability based on the present value of the remaining lease payments using the discount rate determined at lease commencement and (ii) the right-of-use lease asset based on the re-measured lease liability, adjusted for any unamortized lease incentives received, any unamortized initial direct costs and the cumulative difference between rent expense and amounts paid under the lease agreement. Any lease incentives received, and any initial direct costs incurred are amortized on a straight-line basis over the expected lease term. Rent expense is recorded on a straight-line basis over the expected lease term.

The adoption of the new lease accounting standard did not have a material impact on the Company's results of operations or cash flows for the year ended December 31, 2021.

Accounting guidance not yet adopted

In June 2016, the FASB issued ASU No. 2016-13, "*Financial Instruments-Credit Losses: Measurement of Credit Losses on Financial Instruments*" which has subsequently been amended by ASU No. 2019-04, ASU No. 2019-05, ASU No. 2019-10, ASU No. 2019-11, and ASU No. 2020-03 ("ASU 2016-03"). This guidance replaces the incurred loss impairment methodology under current U.S. GAAP with a methodology that reflects expected credit losses and requires consideration of a broader range of reasonable and supportable information to inform credit loss estimates. This guidance is effective for the Company for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2022 and must be adopted using a modified retrospective approach, with certain exceptions. The Company is currently evaluating the impact of this standard on its financial statements and related disclosures.

In November 2021, the FASB issued ASU No. 2021-10, *"Government Assistance: Disclosures by Business Entities about Government Assistance"*. The amendments in this Update improve financial reporting by requiring disclosures that increase the transparency of transactions with a government. The amendments require the following annual disclosures about transactions with a government that are accounted for by applying a grant or contribution accounting model by analogy (i) the type of transaction (ii) the accounting for the transaction, and (iii) the effect of the transaction on the entity's financial statements. This guidance is effective for the Company for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2021 with early adoption permitted. The Company is currently evaluating the impact of this standard but does not expect that it will have a material impact on its financial statements and related disclosures.

4. Marketable Securities

The following is a summary of the Company's marketable securities as of December 31, 2021. The Company did not have any marketable securities as of December 31, 2020.

(in thousands)	Amortized Cost	Gross unrealized gain	Gross unrealized loss	Fair Value
Marketable securities				
Corporate debt securities	$ 193,798	$ 1	$ (696)	$ 193,103
Commercial paper	66,318	1	(17)	66,302
	$ 260,116	$ 2	$ (713)	$ 259,405

The Company's marketable securities generally have contractual maturity dates of 18 months or less. As of December 31, 2021, the Company had 25 securities with a total fair market value of $221.8 million in an unrealized loss position. The Company believes that any unrealized losses associated with the decline in value of its securities is temporary and is primarily related to the change in market interest rates since purchase and believes that it is more likely than not that it will be able to hold its debt securities to maturity.

5. Fair Value of Financial Instruments

Fair value is the price that could be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. Fair value determination in accordance with applicable accounting guidance requires that a number of significant judgments be made. Additionally, fair value is used on a nonrecurring basis to evaluate assets for impairment or as required for disclosure purposes by applicable accounting guidance on disclosures about fair value of financial instruments. Depending on the nature of the assets and liabilities, various valuation techniques and assumptions are used when estimating fair value. The Company follows the provisions of ASC 820, for financial assets and liabilities measured on a recurring basis. The guidance requires fair value measurements be classified and disclosed in one of the following three categories:

- *Level 1:* Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.
- *Level 2:* Quoted prices in markets that are not active, or inputs which are observable, either directly or indirectly, for substantially the full term of the asset or liabilities.
- *Level 3:* Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (i.e., supported by little or no market activity).

The following fair value hierarchy table presents information about the Company's assets and liabilities measured at fair value on a recurring basis:

	Fair value measurement at reporting date using		
(in thousands)	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
December 31, 2021:			
Assets:			
Cash equivalents (Money Market Funds)	$ 30,520	$ —	$ —
Marketable securities			
Corporate debt securities	—	193,103	—
Commercial paper	—	66,302	—
Total	30,520	259,405	—
December 31, 2020:			
Assets:			
Cash equivalents (Money Market Funds)	$ 217,072	$ —	$ —

6. Property and Equipment

Property and equipment consisted of the following:

	December 31,	
(in thousands)	2021	2020
Lab equipment	$ 4,266	$ 3,010
Leasehold improvements	875	448
Furniture and fixtures	118	105
Construction in progress	668	—
	5,927	3,563
Less accumulated depreciation	(1,998)	(1,083)
Property and equipment, net	$ 3,929	$ 2,480

In September 2019, the Company signed a 12-month capital lease for $0.4 million of lab equipment with an effective interest rate of 9.67%. At December 31, 2020, the Company had $0.1 million of accumulated amortization related to the capital lease. At December 31, 2020, the Company had no further lease payments under the capital lease.

7. Accrued Expenses and Other Current Liabilities

Accrued expenses and other current liabilities consisted of the following:

	December 31,	
(in thousands)	**2021**	**2020**
Compensation and related benefits	$ 4,919	$ 3,614
Research and development	4,615	3,421
Other	87	420
	$ 9,621	$ 7,455

8. Commitments

Leases

The Company leases office and laboratory space in Wilmington, Delaware under a noncancelable lease (the "Lease"), which expires in December 2022. The Lease was amended during the third quarter of 2021 to include additional office and laboratory space to accommodate the Company's growth. The Company has an option to renew the Lease for an additional 1-year period. This option to extend was not recognized as part of the Company's measurement of the right-of-use asset and operating lease liability as of December 31, 2021. The discount rate used to account for the Company's operating lease under ASC 842 is the Company's estimated incremental borrowing rate of 10.0%.

The future minimum lease payments under the Lease at December 31, 2021 are as follows:

(in thousands)	
2022	$ 1,836
Total undiscounted lease payments	1,836
Less imputed interest	(96)
Current lease liability	$ 1,740

During the fourth quarter of 2021, the Company entered into a lease agreement (the Chestnut Run Lease) with a commencement date of the earlier of (i) the Landlord Work Substantial Completion Date (as such term is defined in the Chestnut Run Lease), or (ii) the date the Company takes possession of the premises for the conduct of the Company's business (the Commencement Date). The Chestnut Run Lease premises includes approximately 81,000 square feet, located at Chestnut Run Plaza in Wilmington, Delaware (the Premises). The Premises contains both office and lab space the Company intends to use for administrative, research and development and other activities. Upon the Chestnut Run Lease commencement, the Company will recognize a right-of-use asset and operating lease liability in accordance with ASC 842. The Chestnut Run Lease has an initial term of 162 months with 3 five-year extension options and certain expansion rights. The aggregate estimated rent payments due over the initial term of the Chestnut Run Lease is approximately $33.8 million. The estimated rent payments due over the next five years is as follows:

(in thousands)	
2022	$ -
2023	840
2024	2,141
2025	2,350
2026	2,409
Thereafter	26,098

The Company paid a security deposit in the form of a letter of credit of $4.0 million which is included in the balance sheet as restricted cash as of December 31, 2021. The security deposit may be reduced to $0.5 million over time in accordance with the terms of the Chestnut Run Lease.

In June 2021, the Company entered into a 12-month noncancelable lease, which commenced on July 1, 2021 and will expire on June 30, 2022, and has remaining lease payments of approximately $0.2 million in 2022. The Company adopted the short-term lease election as afforded by ASC 842 and did not recognize a right-of-use asset and operating lease liability related to this short-term lease.

Rent expense for the years ended December 31, 2021 and 2020 was $1.8 million and $1.2 million, respectively.

Employment Agreements

The Company entered into employment agreements with key personnel providing for compensation and severance in certain circumstances, as defined in the respective employment agreements.

401(k) Defined Contribution Plan

The Company sponsors a 401(k) defined-contribution plan covering all employees. Participants are permitted to contribute up to 100% of their eligible annual pretax compensation up to an established federal limit on aggregate participant contributions. The Company provides a safe harbor match with a maximum amount of 3% of the participant's compensation. During 2021 the Company made matching contributions of $0.5 million. The Company did not make any matching contributions in 2020.

Research Collaboration Agreement

In September 2021, the Company entered into a research collaboration agreement estimated to last for approximately one year (the "Darwin Health Agreement") with Darwin Health, Inc. ("DarwinHealth"). Under the terms of the Darwin Health Agreement, DarwinHealth will utilize their drug discovery technologies and certified methodologies in precision oncology to advance and accelerate clinical development for certain of the Company's programs across a broad range of tumor subtypes. The Company will pay DarwinHealth a total of $3.0 million in three equal installments over the one-year term (the "Research Term") to fund the research and, if the Company adopts any of DarwinHealth's development ideas, the Company will be responsible for the development, manufacturing, and commercialization of any such products. For the year ended December 31, 2021, research and development expense related to this agreement recognized in the statement of operations was $1.0 million. In addition to research funding, DarwinHealth is eligible to receive future research, development and regulatory milestones of up to $3.0 million for each product candidate and is also eligible to receive tiered royalties in the low single digits on net sales of each product developed using DarwinHealth's development technologies or methods. However, within eighteen-months following the Research Term, the Company, in its sole discretion, may notify DarwinHealth that it will not utilize its development ideas and will be entitled to receive a refund of $0.5 million.

Other Research and Development Arrangements

The Company enters into agreements with contract research organizations ("CROs") to assist in the performance of research and development activities. Expenditures to CROs will represent a significant cost in clinical development for the Company.

9. Convertible Preferred Stock and Common Stock

Preferred Stock Financings

In May 2019, the Company issued an aggregate of 7,628,846 shares of Series B convertible preferred stock ("Series B") to existing investors at $3.9325 per share for aggregate net proceeds of $29.8 million.

Pursuant to the Series B Stock Purchase Agreement, the Series B investors could elect to purchase an aggregate of 7,628,846 additional shares of the Company's Series B at a fixed purchase price of $3.9325 per share (the "Series B Future Tranche Right"). The Company determined that the Series B Future Tranche Right did not meet the definition of a freestanding financial instrument as it was not legally detachable. The Series B Future Tranche Right was also evaluated as an embedded derivative and the Company determined it did not meet the definition of a derivative instrument for which bifurcation would be required. In March 2020, the Company's Series B investors exercised their Future Tranche Right and purchased 7,628,846 shares of Series B for net proceeds of approximately $29.9 million.

In August 2020, the Company's existing Convertible Preferred Stock investors as well as a new investor purchased 3,443,612 shares of Series C at a price of $14.5197 per share for net proceeds of approximately $49.8 million.

Initial Public Offering

In September 2020, the Company completed its IPO in which the Company sold 9,573,750 shares of its common stock at a public offering price of $19.00 per share. The Company received net proceeds of $166.6 million after deducting underwriting discounts, commissions, and other offering expenses paid by the Company. In addition, immediately prior to the closing of the IPO on September 29, 2020, (i) all of the Company's outstanding shares of convertible preferred stock converted into an aggregate of 30,437,423 shares of common stock (of which, 11,110,371 shares are non-voting common stock) and (ii) the Company filed an amended and restated certificate of incorporation to, among other things, increase the number of authorized shares of common stock to 500,000,000.

Follow-on Offering

In January 2021, the Company sold 2,875,000 shares of its common stock at a public offering price of $60.00 per share. The Company received net proceeds of $161.4 million after deducting underwriting discounts, commissions, and other offering expenses paid by the Company.

Common Stock

The Company has two classes of common stock; "voting common stock" and "non-voting common stock." The holders of the voting common stock are entitled to one vote for each share of voting common stock held at all meetings of stockholders. Except as otherwise required by law, the holders of non-voting common stock shall not be entitled to vote at any meetings of stockholders (or written actions in lieu of meetings) and the shares of non-voting common stock shall not be included in determining the number of shares voting or entitled to vote on any matter. Unless required by law, there shall be no cumulative voting. Any holder of non-voting common stock may elect to convert each share of non-voting common stock into one fully paid and non-assessable share of voting common stock at any time by providing written notice to the Company; provided that as a result of such conversion, such holder, together with its affiliates and any members of a Schedule 13(d) group with such holder, would not beneficially own in excess of 9.99% of the Company's common stock immediately prior to and following such conversion, unless otherwise as expressly provided for in the Company's restated certificate of incorporation. However, this ownership limitation may be increased (not to exceed 19.99%) or decreased to any other percentage designated by such holder of non-voting common stock upon 61 days' notice to the Company.

10. Stock-Based Compensation

The Company has two equity incentive plans: the 2016 Equity Incentive Plan, as amended, and the 2020 Equity Incentive Plan. New awards can only be granted under the 2020 Equity Incentive Plan (the "Plan"). The total number of shares initially authorized under the Plan was 4,680,000, which was increased on January 1, 2021 and will automatically increase on January 1st of each year, continuing for ten years, in an amount equal to five percent of the total number of shares of the Company's common stock outstanding on December 31st of the preceding calendar year, subject to the discretion of the board of directors or compensation committee to determine a lesser number of shares shall be added for such year. At December 31, 2021, 5,314,849 shares were available for future grants and on January 1, 2022, 2,380,116 shares were added to the Plan. The Plan provides for the granting of common stock, incentive stock options, nonqualified stock options, restricted stock awards, restricted stock units and/or stock appreciation rights to employees, directors, and other persons, as determined by the Company's board of directors. The Company's stock options vest based on the terms in each award

agreement, generally over four-year periods with 25% of options vesting after 1 year and then monthly thereafter, and have a term of ten years.

The Company measures stock-based awards at their grant-date fair value and records compensation expense on a straight-line basis over the vesting period of the awards. The Company recorded stock-based compensation expense in the following expense categories in its accompanying statements of operations:

	Year Ended December 31,	
(in thousands)	2021	2020
Research and development	$ 9,469	$ 2,585
General and administrative	11,462	2,998
	$ 20,931	$ 5,583

Stock Options

The following table summarizes stock option activity for the Plan in the years indicated:

	Number of shares	Weighted average exercise price per share	Weighted average remaining contractual term (years)
Outstanding at January 1, 2020	2,269,742	$ 1.66	9.20
Granted	4,785,630	$ 11.35	
Exercised	(100,545)	$ 0.99	
Forfeited	(115,736)	$ 1.37	
Outstanding at December 31, 2020	6,839,091	$ 8.46	9.17
Granted	2,600,231	$ 31.14	
Exercised	(995,950)	$ 3.52	
Forfeited	(1,263,890)	$ 19.79	
Outstanding at December 31, 2021	7,179,482	$ 15.36	8.66
Exercisable at December 31, 2021	2,057,975	$ 6.99	8.04

At December 31, 2021, the aggregate intrinsic value of outstanding options and exercisable options was $25.1 million and $13.2 million, respectively.

The following table summarizes information about stock options outstanding and exercisable at December 31, 2021 under the Plan:

	Options Outstanding			Options Exercisable	
Range of Exercise Prices	Number Outstanding	Weighted Average Remaining Contractual Life (in years)	Weighted Average Exercise Price	Number Exercisable	Weighted Average Exercise Price
$0.31 - $7.37	2,352,647	7.76	$ 1.80	1,233,638	$ 1.75
$7.38 - $13.08	2,465,488	8.67	12.85	777,587	12.85
$13.09 - $31.30	1,760,632	9.61	27.58	4,219	17.99
$31.31 - $88.98	600,715	9.35	43.02	42,531	50.79
	7,179,482			2,057,975	

The weighted-average grant date fair value of options granted was $22.80 and $10.12 per share for the years ended December 31, 2021 and 2020, respectively. The aggregate intrinsic value of options exercised was $26.9 million for the year

ended December 31, 2021. The Company recorded stock-based compensation expense of $19.9 million and $4.8 million for the years ended December 31, 2021 and 2020, respectively, related to stock options. As of December 31, 2021, the total unrecognized compensation expense related to unvested stock option awards was $68.4 million, which the Company expects to recognize over a weighted-average period of 3.03 years.

The fair value of each option was estimated on the date of grant using the weighted average assumptions in the table below:

	Year Ended December 31,	
	2021	2020
Expected volatility	87.46%	115.17%
Risk-free interest rate	0.94%	0.43%
Expected life (in years)	6.04	6.25
Expected dividend yield	—	—

Restricted Stock Awards and Units

The Company issues restricted stock awards ("RSA") to employees that generally vest over a four-year period with 25% of awards vesting after 1 year and then monthly thereafter. Any unvested shares will be forfeited upon termination of services. The fair value of an RSA is equal to the fair market value price of the Company's common stock on the date of grant. RSA expense is recorded on a straight-line basis over the vesting period.

The following table summarizes activity related to RSA stock-based payment awards:

	Number of shares	Weighted-average grant date fair value
Unvested balance at January 1, 2020	1,335,349	$ 1.42
Granted	432,301	$ 3.26
Vested	(552,883)	$ 1.37
Unvested balance at December 31, 2020	1,214,767	$ 2.09
Vested	(603,159)	$ 1.89
Unvested balance at December 31, 2021	611,608	$ 2.29

The Company recorded stock-based compensation expense of $0.9 million and $0.8 million for the years ended December 31, 2021 and 2020, respectively, related to RSAs. As of December 31, 2021, the total unrecognized expense related to all RSAs was $1.3 million, which the Company expects to recognize over a weighted-average period of 1.83 years.

The Company issues restricted stock units ("RSU") to employees that generally vest over a four-year period with 25% of awards vesting after 1 year and then quarterly thereafter. Any unvested shares will be forfeited upon termination of services.

The following table summarizes activity related to RSU stock-based payment awards:

	Number of shares	Weighted-average grant date fair value
Outstanding at January 1, 2021	—	
Granted	45,000	$ 26.91
Forfeited	(25,000)	$ 33.78
Outstanding at December 31, 2021	20,000	$ 18.32

The Company recorded stock-based compensation expense of $20 thousand for the year ended December 31, 2021 related to RSUs. At December 31, 2021 the total unrecognized expense related to the RSUs was $0.3 million, which the Company expects to recognize over 3.76 years.

Employee Stock Purchase Plan

The Company has an Employee Stock Purchase Plan (the "ESPP"), which as of December 31, 2021 had 931,342 shares of common stock reserved for future issuance. The Company issued 25,714 shares under the ESPP in 2021. The number of shares of the Company's common stock that may be issued pursuant to rights granted under the ESPP shall automatically increase on January 1st of each year and continuing for ten years beginning in 2021, in an amount equal to one percent of the total number of shares of all classes of the Company's common stock outstanding on December 31st of the preceding calendar year, subject to the discretion of the board of directors or compensation committee to determine a lesser number of shares shall be added for such year. As such, on January 1, 2022, 476,023 shares were added to the ESPP.

Under the ESPP, eligible employees can purchase the Company's common stock through accumulated payroll deductions at such times as are established by the compensation committee. Eligible employees may purchase the Company's common stock at 85% of the lower of the fair market value of the Company's common stock on the first day of the offering period or on the last day of the offering period. Eligible employees may contribute up to 15% of their eligible compensation. Under the ESPP, a participant may not accrue rights to purchase more than $25,000 worth of the Company's common stock for each calendar year in which such right is outstanding.

The ESPP is considered compensatory under the FASB stock compensation rules. Accordingly, share-based compensation expense is determined based on the option's grant-date fair value as estimated by applying the Black Scholes option-pricing model and is recognized over the withholding period. The Company recognized share-based compensation expense of $0.2 million for the year ended December 31, 2021 related to the ESPP.

11. Income Taxes

The tax effects of temporary differences that gave rise to significant portions of the deferred tax assets and liabilities were as follows:

	December 31,	
(in thousands)	**2021**	**2020**
Deferred tax assets:		
Net operating loss carryforwards	$ 60,495	$ 28,283
Research and development credits	11,240	4,753
Stock-based compensation	2,448	33
Accrued expense	1,290	—
Lease liabilities	485	—
Gross deferred tax assets	75,958	33,069
Less: valuation allowance	(75,371)	(32,899)
Total deferred tax asset	587	170
Deferred tax liability		
Right-of-use assets	(476)	—
Depreciation	(111)	(170)
Total deferred tax liabilities	(587)	(170)
Net deferred tax assets	$ —	$ —

In assessing the need for a valuation allowance, management must determine that there will be sufficient taxable income to allow for the realization of deferred tax assets. Based upon the historical and anticipated future losses, management has determined that the deferred tax assets do not meet the more likely than not threshold for realizability. Accordingly, a full valuation allowance has been recorded against the Company's net deferred tax assets as of December 31, 2021 and December

31, 2020. The valuation allowance increased by $42.5 million and $17.5 million during the years ended December 31, 2021 and 2020, respectively.

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

	Year ended December 31,	
	2021	2020
Federal tax benefit at statutory rate	(21.0)%	(21.0)%
State tax, net of federal benefit	(7.7)	(6.5)
Permanent differences	(3.5)	1.2
Research and development	(5.8)	(4.4)
Change in valuation allowance	38.0	30.7
	—%	—%

The following table summarizes carryforwards of federal and state net operating losses ("NOL") and research tax credits:

	December 31,	
(in thousands)	2021	2020
NOL carryforwards - Federal	$ 217,038	$ 101,471
NOL carryforwards - State	217,038	101,471
Research tax credits - Federal	11,206	4,720
Research tax credits - State	43	43

The NOL carryforwards begin expiring in 2036 for federal and Delaware state income tax purposes, however; all federal and Delaware state NOL carryforwards generated subsequent to January 1, 2018, are able to be carried forward indefinitely. As of December 31, 2021, the Company also had federal and Delaware research and development tax credit carryforwards of $11.2 million and $43 thousand, respectively, that will begin to expire in 2036 and 2031, respectively, unless previously utilized.

The NOL and tax credit carryforwards are subject to review and possible adjustment by the Internal Revenue Service and state tax authorities. NOL and tax credit carryforwards may become subject to an annual limitation in the event of certain cumulative changes in the ownership interest of significant stockholders over a three year period in excess of 50%, as defined under Sections 382 and 383 of the Internal Revenue Code, respectively, as well as similar state provisions. This could limit the amount of tax attributes that can be utilized annually to offset future taxable income or tax liabilities. The amount of the annual limitation is determined based on the value of the Company immediately prior to the ownership change. Subsequent ownership changes may further affect the limitation in future years. To date, the Company has not performed an analysis to determine whether or not ownership changes have occurred since inception. Delaware state NOLs may also be limited.

As of December 31, 2021, the Company had no accrued interest or penalties related to uncertain tax positions and no amounts have been recognized in the Company's statement of operations. Due to NOL and tax credit carry forwards that remain unutilized, income tax returns for all tax years remain subject to examination by the taxing jurisdictions. The NOL carryforwards remain subject to review until utilized.

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

None.

Item 9A. Controls and Procedures.

Evaluation of Disclosure Controls and Procedure

Under the supervision and with the participation of our management, including our Chief Executive Officer (Our principal executive officer) and our Chief Financial Officer (Our principal accounting officer), we evaluated the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act as of December 31, 2021. The term "disclosure controls and procedures," as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act, means controls and other procedures of a company that are designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is accumulated and communicated to the company's management, including its principal executive and principal financial officers, as appropriate, to allow timely decisions regarding required disclosure. Management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving their objectives and management necessarily applies its judgment in evaluating the cost-benefit relationship of possible controls and procedures. Based on our management's evaluation (with the participation of our Chief Executive Officer and our Chief Financial Officer), as of the end of the period covered by this report, our Chief Executive Officer and our Chief Financial Officer have concluded that our disclosure controls and procedures were effective at the reasonable assurance level.

Management's Annual Report on Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Rules 13a-15(f) and 15d-15(f) promulgated under the Exchange Act. 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 policies or procedures may deteriorate. Our internal control over financial reporting is a process designed under the supervision of our principal executive officer and principal financial officer to provide reasonable assurance regarding the reliability of financial reporting and the preparation of our financial statements for external reporting purposes in accordance with U.S. generally accepted accounting principles.

Our management conducted an assessment of our internal control over financial reporting based on the framework established in 2013 by the Committee of Sponsoring Organizations of the Treadway Commission in Internal Control-Integrated Framework (2013). Based on the assessment, management concluded that our internal control over financial reporting was effective as of December 31, 2021.

Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting identified in connection with the evaluation required by Rule 13a-15(d) and 15d-15(d) of the Exchange Act that occurred during the quarter ended December 31, 2021 that have materially affected, or are reasonably likely to materially affect, our internal controls over financial reporting.

Item 9B. Other Information.

None.

Item 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections.

None.

PART III

Item 10. Directors, Executive Officers and Corporate Governance.

The information required by this item is incorporated herein by reference to our Proxy Statement with respect to our 2022 Annual Meeting of Stockholders to be filed with the SEC within 120 days of the end of the fiscal year covered by this Annual Report on Form 10-K.

Item 11. Executive Compensation

The information required by this item is incorporated herein by reference to our Proxy Statement with respect to our 2022 Annual Meeting of Stockholders to be filed with the SEC within 120 days of the end of the fiscal year covered by this Annual Report on Form 10-K.

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

The information required by this item is incorporated herein by reference to our Proxy Statement with respect to our 2022 Annual Meeting of Stockholders to be filed with the SEC within 120 days of the end of the fiscal year covered by this Annual Report on Form 10-K.

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

The information required by this item is incorporated herein by reference to our Proxy Statement with respect to our 2022 Annual Meeting of Stockholders to be filed with the SEC within 120 days of the end of the fiscal year covered by this Annual Report on Form 10-K.

Item 14. Principal Accounting Fees and Services.

The information required by this item is incorporated herein by reference to our Proxy Statement with respect to our 2022 Annual Meeting of Stockholders to be filed with the SEC within 120 days of the end of the fiscal year covered by this Annual Report on Form 10-K.

PART IV

Item 15. Exhibits and Financial Statement Schedules.

(1) *Financial Statements:*

The financial statements required by Item 15(a) are filed as part of this Annual Report on Form 10-K under Item 8 “Financial Statements and Supplementary Data.”

(2) *Financial Statement Schedules*

The financial statement schedules required by Item 15(a) are omitted because they are not applicable, not required or the required information is included in the financial statements or notes thereto as filed in Item 8 of this Annual Report on Form 10-K.

(3) *Exhibits.*

Exhibit Number	Exhibit Title	Incorporated by Reference				Filed Herewith
		Form	File No.	Exhibit	Filing Date	
3.1	Restated Certificate of Incorporation of Prelude Therapeutics Incorporated.	10-Q	001-39527	3.1	November 10, 2020	
3.2	Restated Bylaws of Prelude Therapeutics Incorporated.	10-Q	001-39527	3.2	November 10, 2020	
4.1	Form of Common Stock Certificate.	S-1/A	333-248628	4.1	September 16, 2020	
4.2	Amended and Restated Investors’ Rights Agreement, dated August 21, 2020, by and among Prelude Therapeutics Incorporated and certain of its stockholders.	S-1/A	333-248628	4.2	September 16, 2020	
4.3	Form of Registration Rights Agreement, by and among Prelude Therapeutics Incorporated and certain of its stockholders.	S-1	333-251874	4.3	January 4, 2021	
4.4*	Description of Voting Common Stock Registered Under Section 12 of the Securities Exchange Act of 1943, as amended.					X
10.1	Form of Indemnification Agreement with directors and officers.	S-1	333-248628	10.1	September 4, 2020	
10.2	2016 Stock Incentive Plan, as amended, and forms of award agreements.	S-1	333-248628	10.2	September 4, 2020	
10.3	2020 Equity Incentive Plan and forms of award agreements.	S-1/A	333-248628	10.3	September 21, 2020	
10.4	2020 Employee Stock Purchase Plan and forms of award agreements.	S-1/A	333-248628	10.4	September 21, 2020	
10.5	Second Amended and Restated Entrepreneur Client License Agreement, dated November 1, 2020, by and between Prelude Therapeutics Incorporated and Delaware Innovation Space, Inc.	8-K	001-39527	10.1	November 4, 2020	
10.6	Executive Employment Agreement, dated December 30, 2020, by and between the Prelude Therapeutics Incorporated and Krishna Vaddi.	S-1	333-251874	10.6	January 4, 2021	
10.7*	Executive Employment Agreement, dated December 19, 2020, by and between the Registrant and Peggy Scherle.					X

Exhibit Number	Exhibit Title	Incorporated by Reference				Filed Herewith
		Form	File No.	Exhibit	Filing Date	
10.8*	Executive Employment Agreement, dated December 19, 2020, by and between the Registrant and Andrew Combs.					X
10.9*	Executive Employment Agreement, dated November 5, 2021, by and between Registrant and Laurent Chardonnet.					X
10.10*	Executive Employment Agreement, dated December 19, 2020, by and between the Registrant and Brian Piper.					X
10.11*	Single-Tenant Triple Net Lease, dated November 30, 2021, by and between the Registrant and Crisp Partners, LLC.					X
10.12*	First Amendment to Single-Tenant Triple Net Lease, dated November 15, 2021 by and between the Registrant and Crisp Partners, LLC.					X
21.1	Subsidiaries of Prelude Therapeutics Incorporated.	S-1	333-248628	21.1	September 4, 2020	
23.1*	Consent of Ernst and Young LLP, an independent registered public accounting firm.					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
101.INS	Inline XBRL Instance Document					
101.SCH	Inline XBRL Taxonomy Extension Schema Document					
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document					
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document					
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document					
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document					

Exhibit Number	Exhibit Title	Incorporated by Reference				Filed Herewith
		Form	File No.	Exhibit	Filing Date	
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)					

* Filed herewith.

Item 16. Form 10-K Summary

None.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended, the Registrant has duly caused this Report to be signed on its behalf by the undersigned, thereunto duly authorized**.**

PRELUDE THERAPEUTICS INCORPORATED

Date: March 17, 2022

By: /s/ Krishna Vaddi
Krishna Vaddi, Ph.D
Chief Executive Officer

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.

Signature	Title	Date
/s/ Krishna Vaddi Krishna Vaddi, Ph.D.	Chief Executive Officer and Director *(Principal Executive Officer)*	March 17, 2022
/s/ Laurent Chardonnet Laurent Chardonnet	Chief Financial Officer *(Principal Accounting and Financial Officer)*	March 17, 2022
/s/ Paul A. Friedman Paul A. Friedman, M.D.	Chairman and Director	March 17, 2022
/s/ Martin Babler Martin Babler	Director	March 17, 2022
/s/ Julian Baker Julian Baker	Director	March 17, 2022
/s/ David Bonita David Bonita, M.D.	Director	March 17, 2022
/s/ Mardi C. Dier Mardi C. Dier	Director	March 17, 2022
/s/ Victor Sandor Victor Sandor, M.D.C.M.	Director	March 17, 2022

DESCRIPTION OF THE REGISTRANT'S SECURITIES REGISTERED PURSUANT TO SECTION 12 OF THE SECURITIES EXCHANGE ACT OF 1934

As of December 31, 2021, Prelude Therapeutics Incorporated (the "***Company***," "***we***" or "***our***") had one class of securities registered under Section 12 of the Securities Exchange Act of 1934 (the "***Exchange Act***"): our common stock, $0.0001 par value per share. Our non-voting common stock are not registered under Section 12 of the Exchange Act. The following summary describes the material terms of our capital stock. The description of capital stock is qualified by reference to our certificate of incorporation, our bylaws and our investors rights agreement (the "***IRA***"), our registration rights agreement (the "***Post-IPO RRA***") with certain of our stockholders (the "***RRA Investors***") which are included as exhibits to our most recent Annual Report on Form 10-K and to the applicable provisions of the Delaware General Corporation Law.

Common Stock and Non-Voting Common Stock

Holders of our common stock have no conversion rights, while holders of our non-voting common stock have the right to convert each share of our non-voting common stock into one share of common stock at such holder's election, provided that as a result of such conversion, such holder, together with its affiliates and any members of a Schedule 13(d) group with such holder, would not beneficially own in excess of 9.99% of our common stock immediately prior to and following such conversion, unless otherwise as expressly provided for in our restated certificate of incorporation. However, this ownership limitation may be increased (not to exceed 19.99%) or decreased to any other percentage designated by such holder of non-voting common stock upon 61 days' notice to us.

Dividend Rights

Subject to preferences that may apply to any shares of preferred stock outstanding at the time, the holders of our common stock and our non-voting common stock are entitled to receive dividends out of funds legally available if our board of directors, in its discretion, determines to issue dividends and then only at the times and in the amounts that our board of directors may determine.

Voting Rights

Except as otherwise expressly provided in our restated certificate of incorporation or as required by applicable law, on any matter that is submitted to a vote by our stockholders, holders of our common stock are entitled to one vote per share of common stock, and holders of our non-voting common stock are not entitled to any votes per share of non-voting common stock, including for the election of directors. We have not provided for cumulative voting for the election of directors in our restated certificate of incorporation, which means that holders of a majority of the shares of our common stock are able to elect all of our directors. Our restated certificate of incorporation established a classified board of directors, to be divided into three classes with staggered three-year terms. Only one class of directors will be elected at each annual meeting of our stockholders, with the other classes continuing for the remainder of their respective three-year terms.

No Preemptive or Similar Rights

Neither our common stock nor our non-voting common stock is entitled to preemptive rights, and neither is subject to conversion, redemption or sinking fund provisions.

Right to Receive Liquidation Distributions

Upon our liquidation, dissolution or winding-up, the assets legally available for distribution to our stockholders would be distributable ratably among the holders of our common stock and our non-voting common stock and any

participating preferred stock outstanding at that time, subject to prior satisfaction of all outstanding debt and liabilities and the preferential rights of and the payment of liquidation preferences, if any, on any outstanding shares of preferred stock.

Registration Rights

Certain holders of shares of our common stock and non-voting common stock are entitled to rights with respect to the registration of these shares (or, in the case of the non-voting common stock, the shares of common stock into which such shares are convertible) under the Securities Act as described below. We refer to these shares collectively as registrable securities. These rights are provided under the terms of the IRA between us and the holders of these shares, which was entered into in connection with our redeemable convertible preferred stock financings prior to our IPO and under the terms of the Post-IPO RRA between us and the RRA Investors.

Demand Registration Rights

Beginning from March 23, 2021, if the holders of not less than 50% of the then-outstanding registrable securities may request the registration under the Securities Act of any registrable securities, if the anticipated aggregate offering price, net of selling expenses, would exceed $10.0 million, we are obligated to provide notice of such request to all holders of registration rights and, as soon as practicable and in any event within 60 days, file a Form S-1 registration statement under the Securities Act covering all registrable securities that the initiating holders requested to be registered and any additional registrable securities requested to be included in such registration by any other holders. We are only required to file two registration statements that are declared effective upon exercise of these demand registration rights. We may postpone taking action with respect to such filing not more than once during any 12-month period for a period of not more than 90 days, if after receiving a request for registration, we furnish to the holders requesting such registration a certificate signed by our Chief Executive Officer stating that, in the good faith judgment of our board of directors, it would be materially detrimental to us and our stockholders; provided that we may not register any securities for our own account or that of any other stockholder during such 90-day period other than under certain circumstances.

The holders of at least 25% of the then-outstanding registrable securities can request that we register all or part of their shares on Form S-3 if we are eligible to file a registration statement on Form S-3 and if the aggregate price to the public of the shares offered, net of selling expenses, is at least $5.0 million. The stockholders may only require us to effect two registration statements on Form S-3 in a 12-month period. We may postpone taking action with respect to such filing not more than once during any 12-month period for a period of not more than 90 days, if after receiving a request for registration, we furnish to the holders requesting such registration a certificate signed by our Chief Executive Officer stating that, in the good faith judgment of our board of directors, it would be materially detrimental to us and our stockholders; provided that we may not register any securities for our own account or that of any other stockholder during such 90-day period other than under certain circumstances.

Piggyback Registration Rights

If we register any of our securities for public sale in cash, holders of then-outstanding registrable securities or their permitted transferees will have the right to include their registrable securities in the registration statement. However, this right does not apply to a registration relating to any of our employee benefit plans, a corporate reorganization or transaction under Rule 145 of the Securities Act, a registration that requires information that is not substantially the same as the information required to be included in a registration statement covering the sale of the registrable securities, or a registration in which the only common stock being registered is common stock issuable upon conversion of debt securities that are also being registered or issuable upon the exercise of warrants. In an underwritten offering, if the total number of securities requested by stockholders to be included in the offering exceeds the number of securities to be sold (other than by us) that the underwriters determine in their reasonable discretion is compatible with the success of the offering, then we will be required to include only that number of securities that the underwriters and us, in our sole discretion, determine will not jeopardize the success of the offering. If the underwriters determine that less than all the registrable securities requested to be registered can be included in the offering, the number of registrable shares to be registered will be allocated (i) first, among holders of our preferred stock, in proportion to the amount of common stock issued or issuable upon conversion of the preferred stock owned by each such holder to be included in such offering, and (ii) second, among all other holders

of our registrable securities, in proportion to the amount of other registrable securities owned by each such holder. However, (i) the number of shares issued or issuable upon conversion of the preferred stock, to be registered by the holders of our preferred stock, cannot be reduced unless all other securities (other than as offered by us) are first excluded entirely, and (ii) the number of shares to be registered by holders of all other registrable securities cannot be reduced unless all other securities (other than as offered by us and the shares of common stock issued or issuable on conversion of our preferred stock) are first entirely excluded. The number of registrable securities included in the offering may not be reduced below 25% of the total number of securities included in such offering, except for in connection with an initial public offering, in which case the underwriters may exclude these holders entirely.

Expenses of Registration Rights

We generally will pay all expenses, other than underwriting discounts and selling commissions incurred in connection with each of the registrations described above, including the reasonable fees and disbursements, not to exceed $15,000, of one counsel for the selling holders.

Expiration of Registration Rights

The registration rights described above will expire, with respect to any particular holder of these rights, on the earliest to occur of (a) at such time that all of the holder's registrable securities can be sold without limitation in any three-month period without registration in compliance with Rule 144 or a similar exemption under the Securities Act and (b) at such time that our common stock is trading on a national securities exchange and all of the holder's registrable securities can be sold during a three-month period without registration.

Registration Rights Agreement

Pursuant to the Post-IPO RRA between us and each of Baker Brothers and its affiliates, OrbiMed and its affiliates and Kris Vaddi, the RRA Investors are entitled to rights with respect to the registration of their shares under the Securities Act that supersede such rights as described above held by the RRA Investors under the IRA. These registration rights include the right to demand that we file with the SEC a Form S-3 registration statement (except if we are not then eligible to register for resale the registrable securities on Form S-3, in which case, such registration shall be on another appropriate form in accordance with the Securities Act) covering the registration of their registrable securities for resale, subject to certain conditions, as well as rights to be permitted an aggregate of five underwritten public offerings between the RRA Investors during the term of the Post-IPO RRA, subject to a limitation of an aggregate of two underwritten public offerings per calendar year, to effect the sale of their common stock for sale. The RRA Investors also have piggy-back rights to participate in registrations demanded by any of the other RRA Investors. The Post-IPO RRA requires us to pay expenses relating to such registrations and indemnify these holders against certain liabilities. Our registration obligations under this registration rights agreement would continue in effect until the earliest of (i) December 20, 2030, (ii) when the applicable registrable securities have been resold by the holders pursuant to an effective registration statement, (iii) when the applicable registrable securities have been resold pursuant to Rule 144 or (iv) when the applicable registrable securities may be resold pursuant to Rule 144 without limitations as to volume or manner of sale.

Anti-Takeover Provisions

The provisions of Delaware General Corporation Law, or DGCL, our restated certificate of incorporation and our restated bylaws could have the effect of delaying, deferring or discouraging another person from acquiring control of our company. These provisions, which are summarized below, may have the effect of discouraging takeover bids. They are also designed, in part, to encourage persons seeking to acquire control of us to negotiate first with our board of directors. We believe that the benefits of increased protection of our potential ability to negotiate with an unfriendly or unsolicited acquirer outweigh the disadvantages of discouraging a proposal to acquire us because negotiation of these proposals could result in an improvement of their terms.

Delaware Law

We are subject to the provisions of Section 203 of the DGCL regulating corporate takeovers. In general, Section 203 prohibits a publicly held Delaware corporation from engaging in a "business combination" with an "interested stockholder" for a period of three years following the date on which the person became an interested stockholder unless:

- prior to the date of the transaction, the board of directors of the corporation approved either the business combination or the transaction which resulted in the stockholder becoming an interested stockholder;

- the interested stockholder owned at least 85% of the voting stock of the corporation outstanding at the time the transaction commenced, excluding for purposes of determining the voting stock outstanding, but not the outstanding voting stock owned by the interested stockholder, (i) shares owned by persons who are directors and also officers and (ii) shares owned 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

- at or subsequent to the date of the transaction, the business combination is approved by the board of directors of the corporation and authorized at an annual or special meeting of stockholders, and not by written consent, by the affirmative vote of at least 66.67% of the outstanding voting stock that is not owned by the interested stockholder.

Generally, a business combination includes a merger, asset or stock sale, or other transaction or series of transactions together resulting in a financial benefit to the interested stockholder. An interested stockholder is a person who, together with affiliates and associates, owns or, within three years prior to the determination of interested stockholder status, did own 15% or more of a corporation's outstanding voting stock. We expect the existence of this provision to have an anti-takeover effect with respect to transactions our board of directors does not approve in advance. We also anticipate that Section 203 may also discourage attempts that might result in a premium over the market price for the shares of common stock held by stockholders.

Anti-Takeover Effects of Certain Provisions of Our Restated Certificate of Incorporation and Restated Bylaw

Our restated certificate of incorporation and our restated bylaws include a number of provisions that could deter hostile takeovers or delay or prevent changes in control of our company, including the following:

- *Board of Directors Vacancies*. Our restated certificate of incorporation and restated bylaws authorizes only our board of directors to fill vacant directorships, including newly created seats. In addition, the number of directors constituting our board of directors is permitted to be set only by a resolution adopted by a majority vote of our entire board of directors. These provisions would prevent a stockholder from increasing the size of our board of directors and then gaining control of our board of directors by filling the resulting vacancies with its own nominees. This makes it more difficult to change the composition of our board of directors but promotes continuity of management.

- *Classified Board*. Our restated certificate of incorporation and restated bylaws provide that our board of directors is classified into three classes of directors, each with staggered three-year terms. A third party may be discouraged from making a tender offer or otherwise attempting to obtain control of us as it is more difficult and time consuming for stockholders to replace a majority of the directors on a classified board of directors.

- *Stockholder Action; Special Meetings of Stockholders*. Our restated certificate of incorporation provide that our stockholders may not take action by written consent, but may only take action at annual or special meetings of our stockholders. As a result, a holder controlling a majority of our capital stock would not be able to amend our restated bylaws or remove directors without holding a meeting of our stockholders called in accordance with our restated bylaws. Further, our restated bylaws provide that special meetings of our stockholders may be called only by a majority of our board of directors, the chairman of our board of directors, our Chief Executive Officer or our President, thus prohibiting a stockholder from calling a special meeting. These provisions might delay the ability of our stockholders to force consideration of a proposal or for stockholders controlling a majority of our capital stock to take any action, including the removal of directors.

- *Advance Notice Requirements for Stockholder Proposals and Director Nominations*. Our restated bylaws provide advance notice procedures for stockholders seeking to bring business before our annual meeting of stockholders or to nominate candidates for election as directors at our annual meeting of stockholders. Our restated bylaws also specify certain requirements regarding the form and content of a stockholder's notice. These provisions might preclude our stockholders from bringing matters before our annual meeting of stockholders or from making nominations for directors at our annual meeting of stockholders if the proper procedures are not followed. We expect that these provisions might also discourage or deter a potential acquirer from conducting a solicitation of proxies to elect the acquirer's own slate of directors or otherwise attempting to obtain control of our company.

- *No Cumulative Voting*. The DGCL provides that stockholders are not entitled to the right to cumulate votes in the election of directors unless a corporation's certificate of incorporation provides otherwise. Our restated certificate of incorporation and restated bylaws do not provide for cumulative voting.

- *Directors Removed Only for Cause*. Our restated certificate of incorporation provides that stockholders may remove directors only for cause and only by the affirmative vote of the holders of at least two-thirds of our outstanding common stock.

- *Amendment of Charter Provisions.* Any amendment of the above provisions in our restated certificate of incorporation would require approval by holders of at least two-thirds of our outstanding common stock.

- *Issuance of Undesignated Preferred Stock*. Our board of directors has the authority, without further action by the stockholders, to issue up to 10,000,000 shares of undesignated preferred stock with rights and preferences, including voting rights, designated from time to time by our board of directors. The existence of authorized but unissued shares of preferred stock would enable our board of directors to render more difficult or to discourage an attempt to obtain control of us by merger, tender offer, proxy contest or other means.

- *Choice of Forum*. Our restated certificate of incorporation provides that, to the fullest extent permitted by law, the Court of Chancery of the State of Delaware will be the exclusive forum for any derivative action or proceeding brought on our behalf; any action asserting a breach of fiduciary duty; any action asserting a claim against us arising pursuant to the DGCL, our restated certificate of incorporation or our restated bylaws; or any action asserting a claim against us that is governed by the internal affairs doctrine. The enforceability of similar choice of forum provisions in other companies' certificates of incorporation has been challenged in legal proceedings, and it is possible that a court could find these types of provisions to be inapplicable or unenforceable. Our restated bylaws also provide that the federal district courts of the United States of America will, to the fullest extent permitted by law, be the exclusive forum for resolving any complaint asserting a cause of action arising under the Securities Act, or the Federal Forum Provision. While there can be no assurance that federal or state courts will follow the holding of the Delaware Supreme Court which recently found that such provisions are facially valid under Delaware law or determine that the Federal Forum Provision should be enforced in a particular case, application of the Federal Forum Provision means that suits brought by our stockholders to enforce any duty or liability created by the Securities Act must be brought in federal court and cannot be brought in state court. Neither the exclusive forum provision nor the Federal Forum Provision applies to suits brought to enforce any duty or liability created by the Exchange Act. Section 27 of the Exchange Act creates exclusive federal jurisdiction over all claims brought to enforce any duty or liability created by the Exchange Act or the rules and regulations thereunder. Accordingly, actions by our stockholders to enforce any duty or liability created by the Exchange Act or the rules and regulations thereunder also must be brought in federal court. Our stockholders will not be deemed to have waived our compliance with the federal securities laws and the regulations promulgated thereunder. Any person or entity purchasing or otherwise acquiring or holding any interest in any of our securities shall be deemed to have notice of and consented to our exclusive forum provisions, including the Federal Forum Provision. These provisions may limit a stockholder's ability to bring a claim in a judicial forum of their choosing for disputes with us or our directors, officers, or other employees, which may discourage lawsuits against us and our directors, officers, and other employees.

Transfer Agent and Registrar

The transfer agent and registrar for our common stock and non-voting common stock is Computershare Trust Company, N.A.

The Nasdaq Global Select Market Listing

Our common stock is listed on The Nasdaq Global Select Market under the symbol "PRLD." The non-voting common stock is not listed for trading on any securities exchange and we do not plan to list the non-voting common stock on any securities exchange.

Exhibit 10.7

EXECUTIVE EMPLOYMENT AGREEMENT

This Executive Employment Agreement (the "**Agreement**"), made between Prelude Therapeutics Incorporated, a Delaware corporation (the "**Company**"), and Peggy Scherle ("**Executive**" and, collectively with the Company, the "**Parties**"), is entered into as of December 19, 2020 (the "**Effective Date**").

WHEREAS, the Company desires to continue to employ Executive as the Company's Chief Scientific Officer, and Executive desires to continue to serve in such capacity, pursuant to the terms and conditions set forth in this Agreement.

NOW, THEREFORE, in consideration of the mutual promises and covenants contained herein and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties hereto agree as follows:

1. Employment by the Company.

1.1 Employment. This Agreement shall govern the terms of Executive's employment with the Company, effective as of the Effective Date.

1.2 Position. Executive shall continue to serve as the Company's Chief Scientific Officer. During the term of Executive's employment with the Company hereunder, Executive will devote Executive's best efforts and substantially all of Executive's business time and attention to the business of the Company, except as otherwise set forth in Section 11.1.

1.3 Duties and Location. Executive shall perform such duties as are typically performed by a Chief Scientific Officer. Executive will report to the Company's Chief Executive Officer. Executive's primary office location shall be the Company's office located in Wilmington, Delaware.

1.4 Policies and Procedures. The employment relationship between the Parties shall be governed by the general employment policies and practices of the Company, except that when the terms of this Agreement differ from or are in conflict with the Company's general employment policies or practices, this Agreement shall control.

2. Compensation.

2.1 Salary. For services to be rendered hereunder, Executive shall receive a base salary at the rate of three hundred seventy-eight thousand U.S. Dollars ($378,000) per year (such base salary, as in effect from time to time, the "**Base Salary**"), subject to standard payroll deductions and withholdings and payable in accordance with the Company's regular payroll schedule.

2.2 Bonus. Executive will be eligible for an annual discretionary bonus with a target amount equal to 40% of Executive's Base Salary (the "**Annual Bonus**"). Whether Executive receives an Annual Bonus for any given year, and the amount of any such Annual Bonus, will be determined by the board of directors of the Company (the "**Board**") or the compensation committee thereof in its sole discretion based upon the Company's and Executive's achievement

of objectives and milestones to be determined on an annual basis by the Board or the compensation committee thereof. Executive will not be eligible for, and will not earn, any Annual Bonus (including a prorated bonus) if Executive's employment terminates for any reason before any Annual Bonus is paid.

3. Standard Company Benefits. Executive shall be entitled to participate in all employee benefit programs for which Executive is eligible under the terms and conditions of the benefit plans that may be in effect from time to time and provided by the Company to its employees.

4. Expenses. The Company will reimburse Executive for reasonable travel, entertainment or other expenses incurred by Executive in furtherance or in connection with the performance of Executive's duties hereunder, in accordance with the Company's expense reimbursement policy as in effect from time to time.

5. Termination of Employment; Severance.

5.1 At-Will Employment. Executive's employment relationship is at-will. Either Executive or the Company may terminate the employment relationship at any time, with or without Cause (as defined below) or advance notice. In the event Executive's employment relationship is terminated for any reason, Executive shall be entitled to receive Executive's earned but unpaid Base Salary, unreimbursed business expenses properly incurred by Executive pursuant to Section 4 and any other compensation or benefit earned by or owed to (but not yet paid to) Executive through and including the date of termination, payable in a lump sum on the next regularly scheduled payroll date following the date on which Executive's employment terminated, or at such other date as shall be specified under the terms of the employee benefit plan pursuant to which such compensation or benefit is payable. Executive shall also resign from all positions and terminate any relationships as an employee, advisor, officer or director with the Company and any of its affiliates, each effective on the date of termination.

5.2 Severance Benefits for Termination Without Cause Unrelated to a Change of Control. In the event Executive's employment with the Company is terminated by the Company without Cause prior to a Change of Control (as defined below) or more than twelve (12) months following a Change of Control, the Company shall provide Executive with the following payments and benefits, provided that Executive remains in compliance with the terms of this Agreement and the Restrictive Covenant Agreement (as defined below) and subject to Section 6 below:

(i) The Company shall pay Executive, as severance, the equivalent of nine (9) months of Executive's Base Salary as in effect as of the date of Executive's employment termination. This severance will be paid in the form of salary continuation, payable on the Company's regular payroll dates, subject to standard payroll deductions and withholdings, starting on the 60th day after Executive's termination date, with the first payment to include those payments that would have occurred earlier but for the 60-day delay.

(ii) Provided that Executive is then eligible for and timely elects continued coverage under COBRA, the Company shall directly pay, or reimburse Executive for,

the monthly COBRA premiums to continue Executive's coverage (including coverage for eligible dependents, if applicable) through the period starting on Executive's termination date and ending on the earliest to occur of: (a) nine (9) months following Executive's termination date; (b) the date Executive becomes eligible for group health insurance coverage through a new employer; or (c) the date Executive ceases to be eligible for COBRA continuation coverage for any reason, including plan termination. In the event Executive becomes covered under another employer's group health plan or otherwise ceases to be eligible for COBRA during this time period, Executive must immediately notify the Company of such event. Notwithstanding the foregoing, if the Company determines, in its sole discretion, that it cannot pay the COBRA premiums without a substantial risk of violating applicable law, the Company instead shall pay to Executive, on the first day of each calendar month, a fully taxable cash payment equal to the applicable COBRA premiums for that month, subject to applicable tax withholdings, for the remainder of the COBRA premium period. Executive may, but is not obligated to, use such payments toward the cost of COBRA premiums.

5.3 Severance Benefits for Termination Without Cause or Resignation with Good Reason Related to a Change of Control. In the event Executive's employment with the Company is terminated by the Company without Cause or Executive resigns for Good Reason in each case during the twelve (12) month period immediately following a Change of Control, the Company shall provide Executive with the following payments and benefits, provided that Executive remains in compliance with the terms of this Agreement and the Restrictive Covenant Agreement and subject to Section 6 below:

(i) The Company shall pay Executive, as severance, the equivalent of twelve (12) months of Executive's Base Salary as in effect as of the date of Executive's employment termination (disregarding any change to Executive's Base Salary giving rise to Good Reason). This severance will be paid in the form of salary continuation, payable on the Company's regular payroll dates, subject to standard payroll deductions and withholdings, starting on the 60th day after Executive's termination date, with the first payment to include those payments that would have occurred earlier but for the 60-day delay.

(ii) In addition, the Company shall pay Executive, as severance, an amount equal to one hundred percent (100%) of Executive's target annual bonus as in effect as of the date of Executive's employment termination (disregarding any change to Executive's Base Salary giving rise to Good Reason), payable in a lump sum, less deductions and withholdings, at the same time as the first severance payment described in Section 5.3(i) above. For the avoidance of doubt, the amount payable pursuant to this Section 5.3(ii) shall not be subject to proration based on the portion of the year elapsed as of the date of termination.

(iii) Provided that Executive is then eligible for and timely elects continued coverage under COBRA, the Company shall directly pay, or reimburse Executive for, the monthly COBRA premiums to continue Executive's coverage (including coverage for eligible dependents, if applicable) through the period starting on Executive's termination date and ending on the earliest to occur of: (a) twelve (12) months following Executive's termination date; (b) the date Executive becomes eligible for group health insurance coverage through a new employer; or (c) the date Executive ceases to be eligible for COBRA continuation coverage for any reason, including plan termination. In the event Executive becomes covered under another employer's

group health plan or otherwise ceases to be eligible for COBRA during this time period, Executive must immediately notify the Company of such event. Notwithstanding the foregoing, if the Company determines, in its sole discretion, that it cannot pay the COBRA premiums without a substantial risk of violating applicable law, the Company instead shall pay to Executive, on the first day of each calendar month, a fully taxable cash payment equal to the applicable COBRA premiums for that month, subject to applicable tax withholdings, for the remainder of the COBRA premium period. Executive may, but is not obligated to, use such payments toward the cost of COBRA premiums.

(iv) The vesting of all unvested equity-based incentive compensation awards outstanding as of the date of such Change in Control and held by Executive as of the date of such termination shall be accelerated such that 100% of the shares underlying such awards shall be deemed immediately vested and exercisable; *provided that*, in the case of any unvested equity-based incentive compensation awards that are subject to performance-based vesting terms as of the date of such termination, the treatment of such performance-based vesting conditions shall be governed by the applicable equity plan and award agreement.

5.4 Termination for Cause; Resignation Without Good Reason; Death or Disability.

(i) If Executive resigns for any reason prior to or more than twelve (12) months following a Change in Control, resigns without Good Reason within the twelve (12) months following a Change in Control, or the Company terminates Executive's employment for Cause, Executive shall not be entitled to receive any payments or benefits under this Agreement, other than as set forth in Section 5.1.

(ii) Executive's employment shall terminate automatically upon Executive's death or Total Disability. "**Total Disability**" shall mean Executive's inability, with reasonable accommodation, to perform the duties of Executive's position for a period or periods aggregating ninety (90) calendar days in any period of one hundred eighty days (180) consecutive days as a result of physical or mental illness, loss of legal capacity or any other cause beyond Executive's control. Executive and the Company hereby acknowledge that Executive's ability to perform the duties specified in Section 1 is the essence of this Agreement. Termination hereunder shall be deemed to be effective (a) at the end of the calendar month in which Executive's death occurs or (b) immediately upon a determination by the Board or the compensation committee thereof of Executive's Total Disability. In the case of termination of employment under this Section 5.4(ii), Executive shall not be entitled to receive any payments or benefits under this Agreement, other than as set forth in Section 5.1.

6. Conditions to Receipt of Severance Benefits. As a condition to receiving the payments and benefits set forth in Section 5.2 and Section 5.3, (i) Executive must execute and deliver to the Company a release of claims in a form reasonably acceptable to the Company and such release must have become effective and the revocation period provided therein must have expired without Executive having revoked such release within the 60-day period following the date of termination, and (ii) Executive must not have revoked or breached the provisions of such release or breached the provisions of the Restrictive Covenant Agreement. In the event that Executive does not execute and deliver such release, such release does not become effective and

irrevocable within such period or Executive revokes or breaches the provisions of the release or breaches the provisions of the Restrictive Covenant Agreement, Executive (A) will be deemed to have voluntarily resigned Executive's employment hereunder without Good Reason, (B) will not be entitled to the payments, benefits or accelerated vesting described in Section 5.2 or Section 5.3 and (C) will be required to reimburse the Company, in cash within five business days after written demand is made by the Company therefore, for an amount equal to the value of any payments or benefits Executive received pursuant to Section 5.2 or Section 5.3.

7. Section 409A. It is intended that all of the severance benefits and other payments payable under this Agreement satisfy, to the greatest extent possible, the exemptions from the application of Section 409A of the Internal Revenue Code of 1986, as amended (the "**Code**" and "**Section 409A**") provided under Treasury Regulations 1.409A-1(b)(4), 1.409A-1(b)(5) and 1.409A-1(b)(9), and this Agreement will be construed to the greatest extent possible as consistent with those provisions, and to the extent not so exempt, this Agreement (and any definitions hereunder) will be construed in a manner that complies with Section 409A. All payments and benefits that are payable upon a termination of employment hereunder shall be paid or provided only upon Executive's "separation from service" from the Company (within the meaning of Section 409A). For purposes of Section 409A (including, without limitation, for purposes of Treasury Regulation Section 1.409A-2(b)(2)(iii)), Executive's right to receive any installment payments under this Agreement (whether severance payments, reimbursements or otherwise) shall be treated as a right to receive a series of separate payments and, accordingly, each installment payment hereunder shall at all times be considered a separate and distinct payment. Notwithstanding any provision to the contrary in this Agreement, if Executive is deemed by the Company at the time of Executive's termination to be a "specified employee" for purposes of Section 409A(a)(2)(B)(i), and if any of the payments upon termination set forth herein and/or under any other agreement with the Company are deemed to be "deferred compensation", then to the extent delayed commencement of any portion of such payments is required in order to avoid a prohibited distribution under Section 409A(a)(2)(B)(i) and the related adverse taxation under Section 409A, such payments shall not be provided to Executive prior to the earliest of (i) the expiration of the six-month period measured from the date of Executive's termination with the Company, (ii) the date of Executive's death or (iii) such earlier date as permitted under Section 409A without the imposition of adverse taxation. Upon the first business day following the expiration of such applicable Section 409A(a)(2)(B)(i) period, all payments deferred pursuant to this Section 7 shall be paid in a lump sum to Executive, and any remaining payments due shall be paid as otherwise provided herein or in the applicable agreement. No interest shall be due on any amounts so deferred.

8. Section 280G. In the event that the severance and other benefits provided for in this Agreement or otherwise payable to Executive (i) constitute "parachute payments" within the meaning of Section 280G of the Code and (ii) but for this Section 8, would be subject to the excise tax imposed by Section 4999 of the Code, then, Executive's severance and other benefits under this Agreement shall be payable either (i) in full, or (ii) as to such lesser amount which would result in no portion of such severance and other benefits being subject to the excise tax under Section 4999 of the Code, whichever of the foregoing amounts, taking into account the applicable federal, state and local income taxes and the excise tax imposed by Section 4999 of the Code, results in the receipt by Executive on an after-tax basis of the greatest amount of severance benefits under this Agreement, notwithstanding that all or some portion of such severance benefits may be

taxable under Section 4999 of the Code. Any reduction shall be made in the following order: (i) reduction of cash payments, (ii) cancellation of accelerated vesting of equity awards, and (iii) reduction of other benefits payable to Executive. Unless the Company and Executive otherwise agree in writing, any determination required under this Section 8 shall be made in writing by the Company's independent public accountants (the "**Accountants**"), whose determination shall be conclusive and binding upon Executive and the Company for all purposes. For purposes of making the calculations required by this Section 8, the Accountants may make reasonable assumptions and approximations concerning applicable taxes and may rely on reasonable, good faith interpretations concerning the application of Sections 280G and 4999 of the Code. The Company and Executive shall furnish to the Accountants such information and documents as the Accountants may reasonably request in order to make a determination under this Section 8. The Company shall bear all costs the Accountants may reasonably incur in connection with any calculations contemplated by this Section 8.

9. Definitions.

9.1 Cause. For purposes of this Agreement, "**Cause**" for termination will mean: (i) a material breach of any of Executive's obligations or duties pursuant to this Agreement or the Restrictive Covenant Agreement, which remains uncured seven days after Executive becomes aware of the breach by formal written notification by the Company; (ii) gross negligence, willful misconduct or breach of fiduciary duty in the course of employment; (iii) any action or activity that is contrary to applicable insider trading rules or any other applicable securities rules or legislation; (iv) a material act or omission involving substantial dishonesty or fraud that harms or would reasonably be expected to harm the Company; or (v) commission of, conviction or indictment for, or plea of no contest to, any felony (or state law equivalent) or any crime involving moral turpitude.

9.2 Good Reason. For purposes of this Agreement, "**Good Reason**" will mean any of the following actions taken by the Company without Executive's prior written consent: (i) a material adverse change in Executive's position, title, office or duties or assignment of any significant duties to Executive that are materially inconsistent with the position or offices held by Executive; (ii) Executive no longer serving as a Section 16 officer or, if the Company's ultimate parent following a Change in Control is not a public company, not reporting to the Chief Executive Officer of the Company's ultimate parent); (iii) a decrease in Executive's base salary by more than 10% (other than in connection with a broad-based reduction in the base salaries of all other officers of the Company); or (iv) a relocation that increases Executive's one-way commute by more than 25 miles. In order to resign for Good Reason, Executive must provide written notice to the Company's Chief Executive Officer within 60 days after the first occurrence of the event giving rise to Good Reason setting forth the basis for Executive's resignation, allow the Company at least 30 days from receipt of such written notice to cure such event, and if such event is not reasonably cured within such period, Executive must resign from all positions Executive then holds with the Company not later than 90 days after the expiration of such cure period.

9.3 Change of Control. For purposes of this Agreement, "**Change of Control**" means the occurrence of one or more of the following: (a) a merger, a consolidation, a reorganization or an arrangement that results in a transfer of more than fifty percent (50%) of the total voting power of the Company's outstanding securities to a person or a group of persons

different from a person or a group of persons holding those securities immediately prior to such transaction (other than the Company or a person that directly or indirectly controls, is controlled by, or is under common control with, the Company); (b) a direct or indirect sale or other transfer of beneficial ownership of securities of the Company possessing more than fifty percent (50%) of the total combined voting power of the Company's outstanding securities to a person or a group of persons different from a person or a group of persons holding those securities immediately prior to such transaction (other than the Company or a person that directly or indirectly controls, is controlled by, or is under common control with, the Company); (c) a direct or indirect sale or other transfer of the right to appoint more than fifty percent (50%) of the directors of the Board or otherwise directly or indirectly control the management, affairs and business of the Company to a person or a group of persons different from a person or a group of persons holding this right immediately prior to such transaction (other than the Company or a person that directly or indirectly controls, is controlled by, or is under common control with, the Company); (d) a direct or indirect sale or other transfer of all or substantially all of the assets of the Company to a person or a group of persons different from a person or a group of persons holding those assets immediately prior to such transaction (other than the Company or a person that directly or indirectly controls, is controlled by, or is under common control with, the Company); or (e) a complete liquidation, dissolution or winding-up of the Company; *provided*, *however*, that a Change in Control will not be deemed to have occurred if such Change in Control results solely from the issuance, in connection with a bona fide financing or series of financings by the Company, of voting securities of the Company or any rights to acquire voting securities of the Company which are convertible into voting securities.

10. Proprietary Information Obligations. As a condition of employment, Executive has previously executed and shall continue to abide by the Employee Proprietary Information, Restrictive Covenant and Invention Assignment Agreement attached here to as Exhibit A (the "**Restrictive Covenant Agreement**").

11. Outside Activities During Employment.

11.1 Non-Company Business. Except with the prior written consent of the Board, Executive will not during the term of Executive's employment with the Company undertake or engage in any other employment, occupation or business enterprise, other than ones in which Executive is a passive investor, provided that they do not violate the Restrictive Covenant Agreement. Executive may engage in civic and not-for-profit activities so long as such activities do not materially interfere with the performance of Executive's duties hereunder.

11.2 No Adverse Interests. Executive agrees not to acquire, assume or participate in, directly or indirectly, any position, investment or interest known to be adverse or antagonistic to the Company, its business or prospects, financial or otherwise.

12. Dispute Resolution. To ensure the timely and economical resolution of disputes that may arise in connection with Executive's employment with the Company, Executive and the Company agree that any and all disputes, claims, or causes of action arising from or relating to the enforcement, breach, performance, negotiation, execution, or interpretation of this Agreement, Executive's employment, or the termination of Executive's employment, including but not limited to statutory claims, shall be resolved to the fullest extent permitted by law by final, binding and

confidential arbitration, by a single arbitrator, in Wilmington, Delaware conducted by JAMS, Inc. ("**JAMS**") under the then applicable JAMS rules or by another arbitration company if mutually agreed upon by Executive and Board. By agreeing to this arbitration procedure, both Executive and the Company waive the right to resolve any such dispute through a trial by jury or judge or administrative proceeding. The Company acknowledges that Executive will have the right to be represented by legal counsel at any arbitration proceeding. The arbitrator shall: (a) have the authority to compel adequate discovery for the resolution of the dispute and to award such relief as would otherwise be permitted by law; and (b) issue a written arbitration decision, to include the arbitrator's essential findings and conclusions and a statement of the award. The arbitrator shall be authorized to award any or all remedies that Executive or the Company would be entitled to seek in a court of law. The Company shall pay all JAMS' arbitration fees in excess of the amount of court fees that would be required of Executive if the dispute were decided in a court of law. Nothing in this Agreement is intended to prevent either Executive or the Company from obtaining injunctive relief in court to prevent irreparable harm pending the conclusion of any such arbitration. Any awards or orders in such arbitrations may be entered and enforced as judgments in the federal and state courts of any competent jurisdiction.

13. General Provisions.

13.1 Notices. Any notices provided must be in writing and will be deemed effective upon the earlier of personal delivery (including personal delivery by fax) or the next day after sending by overnight carrier, to the Company at its primary office location and to Executive at the address as listed on the Company payroll.

13.2 Severability. Whenever possible, each provision of this Agreement will be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Agreement is held to be invalid, illegal or unenforceable in any respect under any applicable law or rule in any jurisdiction, such invalidity, illegality or unenforceability will not affect any other provision or any other jurisdiction, but this Agreement will be reformed, construed and enforced in such jurisdiction to the extent possible in keeping with the intent of the parties.

13.3 Waiver. Any waiver of any breach of any provisions of this Agreement must be in writing to be effective, and it shall not thereby be deemed to have waived any preceding or succeeding breach of the same or any other provision of this Agreement.

13.4 Complete Agreement. This Agreement, together with the Restrictive Covenant Agreement, constitutes the entire agreement between Executive and the Company with regard to this subject matter and is the complete, final, and exclusive embodiment of the Parties' agreement with regard to this subject matter, and supersedes all prior or contemporaneous offers, negotiations and agreements, whether written or oral, relating to such subject matter, including the offer letter entered into between Executive and the Company as of February 28, 2018. This Agreement is entered into without reliance on any promise or representation, written or oral, other than those expressly contained herein, and it supersedes any other such promises, warranties or representations. It is entered into without reliance on any promise or representation other than those expressly contained herein, and it cannot be modified or amended except in a writing signed by a duly authorized officer of the Company.

13.5 Counterparts. This Agreement may be executed in separate counterparts, any one of which need not contain signatures of more than one party, but all of which taken together will constitute one and the same Agreement.

13.6 Headings. The headings of the paragraphs hereof are inserted for convenience only and shall not be deemed to constitute a part hereof nor to affect the meaning thereof.

13.7 Successors and Assigns. This Agreement is intended to bind and inure to the benefit of and be enforceable by Executive and the Company, and their respective successors, assigns, heirs, executors and administrators, except that Executive may not assign any of Executive's duties hereunder and Executive may not assign any of Executive's rights hereunder without the written consent of the Company.

13.8 Tax Withholding and Indemnification. All payments and awards contemplated or made pursuant to this Agreement will be subject to withholdings of applicable taxes in compliance with all relevant laws and regulations of all appropriate government authorities. Executive acknowledges and agrees that the Company has neither made any assurances nor any guarantees concerning the tax treatment of any payments or awards contemplated by or made pursuant to this Agreement. Executive has had the opportunity to retain a tax and financial advisor and fully understands the tax and economic consequences of all payments and awards made pursuant to the Agreement.

13.9 Choice of Law. All questions concerning the construction, validity and interpretation of this Agreement will be governed by the laws of the State of Delaware.

[*Remainder of Page Intentionally Left Blank*]

In Witness Whereof, the Parties have executed this Agreement on the day and year first written above.

Prelude Therapeutics Incorporated

By: /s/ Kris Vaddi

Title: Chief Executive Officer

[*Signature Page to Employment Agreement*]

In Witness Whereof, the Parties have executed this Agreement on the day and year first written above.

Prelude Therapeutics Incorporated

By:
Title:

Peggy Scherle

/s/ Peggy Scherle

[*Signature Page to Employment Agreement*]

Exhibit A

Employee Proprietary Information, Restrictive Covenant and Invention Assignment Agreement

Exhibit 10.8

EXECUTIVE EMPLOYMENT AGREEMENT

This Executive Employment Agreement (the "**Agreement**"), made between Prelude Therapeutics Incorporated, a Delaware corporation (the "**Company**"), and Andrew Combs ("**Executive**" and, collectively with the Company, the "**Parties**"), is entered into as of December 19, 2020 (the "**Effective Date**").

WHEREAS, the Company desires to continue to employ Executive as the Company's Executive Vice President and Head of Chemistry, and Executive desires to continue to serve in such capacity, pursuant to the terms and conditions set forth in this Agreement.

NOW, THEREFORE, in consideration of the mutual promises and covenants contained herein and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties hereto agree as follows:

1. Employment by the Company.

1.1 Employment. This Agreement shall govern the terms of Executive's employment with the Company, effective as of the Effective Date.

1.2 Position. Executive shall continue to serve as the Company's Executive Vice President and Head of Chemistry. During the term of Executive's employment with the Company hereunder, Executive will devote Executive's best efforts and substantially all of Executive's business time and attention to the business of the Company, except as otherwise set forth in Section 11.1.

1.3 Duties and Location. Executive shall perform such duties as are typically performed by an Executive Vice President and Head of Chemistry. Executive will report to the Company's Chief Executive Officer. Executive's primary office location shall be the Company's office located in Wilmington, Delaware.

1.4 Policies and Procedures. The employment relationship between the Parties shall be governed by the general employment policies and practices of the Company, except that when the terms of this Agreement differ from or are in conflict with the Company's general employment policies or practices, this Agreement shall control.

2. Compensation.

2.1 Salary. For services to be rendered hereunder, Executive shall receive a base salary at the rate of three hundred seventy-five thousand U.S. Dollars ($375,000) per year (such base salary, as in effect from time to time, the "**Base Salary**"), subject to standard payroll deductions and withholdings and payable in accordance with the Company's regular payroll schedule.

2.2 Bonus. Executive will be eligible for an annual discretionary bonus with a target amount equal to 40% of Executive's Base Salary (the "**Annual Bonus**"). Whether Executive receives an Annual Bonus for any given year, and the amount of any such Annual Bonus, will be determined by the board of directors of the Company (the "**Board**") or the compensation

committee thereof in its sole discretion based upon the Company's and Executive's achievement of objectives and milestones to be determined on an annual basis by the Board or the compensation committee thereof. Executive will not be eligible for, and will not earn, any Annual Bonus (including a prorated bonus) if Executive's employment terminates for any reason before any Annual Bonus is paid.

3. Standard Company Benefits. Executive shall be entitled to participate in all employee benefit programs for which Executive is eligible under the terms and conditions of the benefit plans that may be in effect from time to time and provided by the Company to its employees.

4. Expenses. The Company will reimburse Executive for reasonable travel, entertainment or other expenses incurred by Executive in furtherance or in connection with the performance of Executive's duties hereunder, in accordance with the Company's expense reimbursement policy as in effect from time to time.

5. Termination of Employment; Severance.

5.1 At-Will Employment. Executive's employment relationship is at-will. Either Executive or the Company may terminate the employment relationship at any time, with or without Cause (as defined below) or advance notice. In the event Executive's employment relationship is terminated for any reason, Executive shall be entitled to receive Executive's earned but unpaid Base Salary, unreimbursed business expenses properly incurred by Executive pursuant to Section 4 and any other compensation or benefit earned by or owed to (but not yet paid to) Executive through and including the date of termination, payable in a lump sum on the next regularly scheduled payroll date following the date on which Executive's employment terminated, or at such other date as shall be specified under the terms of the employee benefit plan pursuant to which such compensation or benefit is payable. Executive shall also resign from all positions and terminate any relationships as an employee, advisor, officer or director with the Company and any of its affiliates, each effective on the date of termination.

5.2 Severance Benefits for Termination Without Cause Unrelated to a Change of Control. In the event Executive's employment with the Company is terminated by the Company without Cause prior to a Change of Control (as defined below) or more than twelve (12) months following a Change of Control, the Company shall provide Executive with the following payments and benefits, provided that Executive remains in compliance with the terms of this Agreement and the Restrictive Covenant Agreement (as defined below) and subject to Section 6 below:

(i) The Company shall pay Executive, as severance, the equivalent of nine (9) months of Executive's Base Salary as in effect as of the date of Executive's employment termination. This severance will be paid in the form of salary continuation, payable on the Company's regular payroll dates, subject to standard payroll deductions and withholdings, starting on the 60th day after Executive's termination date, with the first payment to include those payments that would have occurred earlier but for the 60-day delay.

(ii) Provided that Executive is then eligible for and timely elects continued coverage under COBRA, the Company shall directly pay, or reimburse Executive for, the monthly COBRA premiums to continue Executive's coverage (including coverage for eligible dependents, if applicable) through the period starting on Executive's termination date and ending on the earliest to occur of: (a) nine (9) months following Executive's termination date; (b) the date Executive becomes eligible for group health insurance coverage through a new employer; or (c) the date Executive ceases to be eligible for COBRA continuation coverage for any reason, including plan termination. In the event Executive becomes covered under another employer's group health plan or otherwise ceases to be eligible for COBRA during this time period, Executive must immediately notify the Company of such event. Notwithstanding the foregoing, if the Company determines, in its sole discretion, that it cannot pay the COBRA premiums without a substantial risk of violating applicable law, the Company instead shall pay to Executive, on the first day of each calendar month, a fully taxable cash payment equal to the applicable COBRA premiums for that month, subject to applicable tax withholdings, for the remainder of the COBRA premium period. Executive may, but is not obligated to, use such payments toward the cost of COBRA premiums.

5.3 Severance Benefits for Termination Without Cause or Resignation with Good Reason Related to a Change of Control. In the event Executive's employment with the Company is terminated by the Company without Cause or Executive resigns for Good Reason in each case during the twelve (12) month period immediately following a Change of Control, the Company shall provide Executive with the following payments and benefits, provided that Executive remains in compliance with the terms of this Agreement and the Restrictive Covenant Agreement and subject to Section 6 below:

(i) The Company shall pay Executive, as severance, the equivalent of twelve (12) months of Executive's Base Salary as in effect as of the date of Executive's employment termination (disregarding any change to Executive's Base Salary giving rise to Good Reason). This severance will be paid in the form of salary continuation, payable on the Company's regular payroll dates, subject to standard payroll deductions and withholdings, starting on the 60th day after Executive's termination date, with the first payment to include those payments that would have occurred earlier but for the 60-day delay.

(ii) In addition, the Company shall pay Executive, as severance, an amount equal to one hundred percent (100%) of Executive's target annual bonus as in effect as of the date of Executive's employment termination (disregarding any change to Executive's Base Salary giving rise to Good Reason), payable in a lump sum, less deductions and withholdings, at the same time as the first severance payment described in Section 5.3(i) above. For the avoidance of doubt, the amount payable pursuant to this Section 5.3(ii) shall not be subject to proration based on the portion of the year elapsed as of the date of termination.

(iii) Provided that Executive is then eligible for and timely elects continued coverage under COBRA, the Company shall directly pay, or reimburse Executive for, the monthly COBRA premiums to continue Executive's coverage (including coverage for eligible dependents, if applicable) through the period starting on Executive's termination date and ending on the earliest to occur of: (a) twelve (12) months following Executive's termination date; (b) the date Executive becomes eligible for group health insurance coverage through a new employer; or

(c) the date Executive ceases to be eligible for COBRA continuation coverage for any reason, including plan termination. In the event Executive becomes covered under another employer's group health plan or otherwise ceases to be eligible for COBRA during this time period, Executive must immediately notify the Company of such event. Notwithstanding the foregoing, if the Company determines, in its sole discretion, that it cannot pay the COBRA premiums without a substantial risk of violating applicable law, the Company instead shall pay to Executive, on the first day of each calendar month, a fully taxable cash payment equal to the applicable COBRA premiums for that month, subject to applicable tax withholdings, for the remainder of the COBRA premium period. Executive may, but is not obligated to, use such payments toward the cost of COBRA premiums.

(iv) The vesting of all unvested equity-based incentive compensation awards outstanding as of the date of such Change in Control and held by Executive as of the date of such termination shall be accelerated such that 100% of the shares underlying such awards shall be deemed immediately vested and exercisable; *provided that*, in the case of any unvested equity-based incentive compensation awards that are subject to performance-based vesting terms as of the date of such termination, the treatment of such performance-based vesting conditions shall be governed by the applicable equity plan and award agreement.

5.4 Termination for Cause; Resignation Without Good Reason; Death or Disability.

(i) If Executive resigns for any reason prior to or more than twelve (12) months following a Change in Control, resigns without Good Reason within the twelve (12) months following a Change in Control, or the Company terminates Executive's employment for Cause, Executive shall not be entitled to receive any payments or benefits under this Agreement, other than as set forth in Section 5.1.

(ii) Executive's employment shall terminate automatically upon Executive's death or Total Disability. "**Total Disability**" shall mean Executive's inability, with reasonable accommodation, to perform the duties of Executive's position for a period or periods aggregating ninety (90) calendar days in any period of one hundred eighty days (180) consecutive days as a result of physical or mental illness, loss of legal capacity or any other cause beyond Executive's control. Executive and the Company hereby acknowledge that Executive's ability to perform the duties specified in Section 1 is the essence of this Agreement. Termination hereunder shall be deemed to be effective (a) at the end of the calendar month in which Executive's death occurs or (b) immediately upon a determination by the Board or the compensation committee thereof of Executive's Total Disability. In the case of termination of employment under this Section 5.4(ii), Executive shall not be entitled to receive any payments or benefits under this Agreement, other than as set forth in Section 5.1.

6. Conditions to Receipt of Severance Benefits. As a condition to receiving the payments and benefits set forth in Section 5.2 and Section 5.3, (i) Executive must execute and deliver to the Company a release of claims in a form reasonably acceptable to the Company and such release must have become effective and the revocation period provided therein must have expired without Executive having revoked such release within the 60-day period following the date of termination, and (ii) Executive must not have revoked or breached the provisions of such

release or breached the provisions of the Restrictive Covenant Agreement. In the event that Executive does not execute and deliver such release, such release does not become effective and irrevocable within such period or Executive revokes or breaches the provisions of the release or breaches the provisions of the Restrictive Covenant Agreement, Executive (A) will be deemed to have voluntarily resigned Executive's employment hereunder without Good Reason, (B) will not be entitled to the payments, benefits or accelerated vesting described in Section 5.2 or Section 5.3 and (C) will be required to reimburse the Company, in cash within five business days after written demand is made by the Company therefore, for an amount equal to the value of any payments or benefits Executive received pursuant to Section 5.2 or Section 5.3.

7. Section 409A. It is intended that all of the severance benefits and other payments payable under this Agreement satisfy, to the greatest extent possible, the exemptions from the application of Section 409A of the Internal Revenue Code of 1986, as amended (the "**Code**" and "**Section 409A**") provided under Treasury Regulations 1.409A-1(b)(4), 1.409A-1(b)(5) and 1.409A-1(b)(9), and this Agreement will be construed to the greatest extent possible as consistent with those provisions, and to the extent not so exempt, this Agreement (and any definitions hereunder) will be construed in a manner that complies with Section 409A. All payments and benefits that are payable upon a termination of employment hereunder shall be paid or provided only upon Executive's "separation from service" from the Company (within the meaning of Section 409A). For purposes of Section 409A (including, without limitation, for purposes of Treasury Regulation Section 1.409A-2(b)(2)(iii)), Executive's right to receive any installment payments under this Agreement (whether severance payments, reimbursements or otherwise) shall be treated as a right to receive a series of separate payments and, accordingly, each installment payment hereunder shall at all times be considered a separate and distinct payment. Notwithstanding any provision to the contrary in this Agreement, if Executive is deemed by the Company at the time of Executive's termination to be a "specified employee" for purposes of Section 409A(a)(2)(B)(i), and if any of the payments upon termination set forth herein and/or under any other agreement with the Company are deemed to be "deferred compensation", then to the extent delayed commencement of any portion of such payments is required in order to avoid a prohibited distribution under Section 409A(a)(2)(B)(i) and the related adverse taxation under Section 409A, such payments shall not be provided to Executive prior to the earliest of (i) the expiration of the six-month period measured from the date of Executive's termination with the Company, (ii) the date of Executive's death or (iii) such earlier date as permitted under Section 409A without the imposition of adverse taxation. Upon the first business day following the expiration of such applicable Section 409A(a)(2)(B)(i) period, all payments deferred pursuant to this Section 7 shall be paid in a lump sum to Executive, and any remaining payments due shall be paid as otherwise provided herein or in the applicable agreement. No interest shall be due on any amounts so deferred.

8. Section 280G. In the event that the severance and other benefits provided for in this Agreement or otherwise payable to Executive (i) constitute "parachute payments" within the meaning of Section 280G of the Code and (ii) but for this Section 8, would be subject to the excise tax imposed by Section 4999 of the Code, then, Executive's severance and other benefits under this Agreement shall be payable either (i) in full, or (ii) as to such lesser amount which would result in no portion of such severance and other benefits being subject to the excise tax under Section 4999 of the Code, whichever of the foregoing amounts, taking into account the applicable federal, state and local income taxes and the excise tax imposed by Section 4999 of the Code,

results in the receipt by Executive on an after-tax basis of the greatest amount of severance benefits under this Agreement, notwithstanding that all or some portion of such severance benefits may be taxable under Section 4999 of the Code. Any reduction shall be made in the following order: (i) reduction of cash payments, (ii) cancellation of accelerated vesting of equity awards, and (iii) reduction of other benefits payable to Executive. Unless the Company and Executive otherwise agree in writing, any determination required under this Section 8 shall be made in writing by the Company's independent public accountants (the "**Accountants**"), whose determination shall be conclusive and binding upon Executive and the Company for all purposes. For purposes of making the calculations required by this Section 8, the Accountants may make reasonable assumptions and approximations concerning applicable taxes and may rely on reasonable, good faith interpretations concerning the application of Sections 280G and 4999 of the Code. The Company and Executive shall furnish to the Accountants such information and documents as the Accountants may reasonably request in order to make a determination under this Section 8. The Company shall bear all costs the Accountants may reasonably incur in connection with any calculations contemplated by this Section 8.

9. Definitions.

9.1 Cause. For purposes of this Agreement, "**Cause**" for termination will mean: (i) a material breach of any of Executive's obligations or duties pursuant to this Agreement or the Restrictive Covenant Agreement, which remains uncured seven days after Executive becomes aware of the breach by formal written notification by the Company; (ii) gross negligence, willful misconduct or breach of fiduciary duty in the course of employment; (iii) any action or activity that is contrary to applicable insider trading rules or any other applicable securities rules or legislation; (iv) a material act or omission involving substantial dishonesty or fraud that harms or would reasonably be expected to harm the Company; or (v) commission of, conviction or indictment for, or plea of no contest to, any felony (or state law equivalent) or any crime involving moral turpitude.

9.2 Good Reason. For purposes of this Agreement, "**Good Reason**" will mean any of the following actions taken by the Company without Executive's prior written consent: (i) a material adverse change in Executive's position, title, office or duties or assignment of any significant duties to Executive that are materially inconsistent with the position or offices held by Executive; (ii) Executive no longer serving as a Section 16 officer or, if the Company's ultimate parent following a Change in Control is not a public company, not reporting to the Chief Executive Officer of the Company's ultimate parent); (iii) a decrease in Executive's base salary by more than 10% (other than in connection with a broad-based reduction in the base salaries of all other officers of the Company); or (iv) a relocation that increases Executive's one-way commute by more than 25 miles. In order to resign for Good Reason, Executive must provide written notice to the Company's Chief Executive Officer within 60 days after the first occurrence of the event giving rise to Good Reason setting forth the basis for Executive's resignation, allow the Company at least 30 days from receipt of such written notice to cure such event, and if such event is not reasonably cured within such period, Executive must resign from all positions Executive then holds with the Company not later than 90 days after the expiration of such cure period.

9.3 Change of Control. For purposes of this Agreement, "**Change of Control**" means the occurrence of one or more of the following: (a) a merger, a consolidation, a

reorganization or an arrangement that results in a transfer of more than fifty percent (50%) of the total voting power of the Company's outstanding securities to a person or a group of persons different from a person or a group of persons holding those securities immediately prior to such transaction (other than the Company or a person that directly or indirectly controls, is controlled by, or is under common control with, the Company); (b) a direct or indirect sale or other transfer of beneficial ownership of securities of the Company possessing more than fifty percent (50%) of the total combined voting power of the Company's outstanding securities to a person or a group of persons different from a person or a group of persons holding those securities immediately prior to such transaction (other than the Company or a person that directly or indirectly controls, is controlled by, or is under common control with, the Company); (c) a direct or indirect sale or other transfer of the right to appoint more than fifty percent (50%) of the directors of the Board or otherwise directly or indirectly control the management, affairs and business of the Company to a person or a group of persons different from a person or a group of persons holding this right immediately prior to such transaction (other than the Company or a person that directly or indirectly controls, is controlled by, or is under common control with, the Company); (d) a direct or indirect sale or other transfer of all or substantially all of the assets of the Company to a person or a group of persons different from a person or a group of persons holding those assets immediately prior to such transaction (other than the Company or a person that directly or indirectly controls, is controlled by, or is under common control with, the Company); or (e) a complete liquidation, dissolution or winding-up of the Company; *provided*, *however*, that a Change in Control will not be deemed to have occurred if such Change in Control results solely from the issuance, in connection with a bona fide financing or series of financings by the Company, of voting securities of the Company or any rights to acquire voting securities of the Company which are convertible into voting securities.

10. Proprietary Information Obligations. As a condition of employment, Executive has previously executed and shall continue to abide by the Employee Proprietary Information, Restrictive Covenant and Invention Assignment Agreement attached here to as Exhibit A (the "**Restrictive Covenant Agreement**").

11. Outside Activities During Employment.

11.1 Non-Company Business. Except with the prior written consent of the Board, Executive will not during the term of Executive's employment with the Company undertake or engage in any other employment, occupation or business enterprise, other than ones in which Executive is a passive investor, provided that they do not violate the Restrictive Covenant Agreement. Executive may engage in civic and not-for-profit activities so long as such activities do not materially interfere with the performance of Executive's duties hereunder. In addition, Executive may serve as a member of scientific advisory boards or equivalent bodies of Boston University CMD, University of Delaware COBRE, and University of Pittsburg Wipf Chemistry.

11.2 No Adverse Interests. Executive agrees not to acquire, assume or participate in, directly or indirectly, any position, investment or interest known to be adverse or antagonistic to the Company, its business or prospects, financial or otherwise.

12. Dispute Resolution. To ensure the timely and economical resolution of disputes that may arise in connection with Executive's employment with the Company, Executive and the

Company agree that any and all disputes, claims, or causes of action arising from or relating to the enforcement, breach, performance, negotiation, execution, or interpretation of this Agreement, Executive's employment, or the termination of Executive's employment, including but not limited to statutory claims, shall be resolved to the fullest extent permitted by law by final, binding and confidential arbitration, by a single arbitrator, in Wilmington, Delaware conducted by JAMS, Inc. ("**JAMS**") under the then applicable JAMS rules or by another arbitration company if mutually agreed upon by Executive and Board. By agreeing to this arbitration procedure, both Executive and the Company waive the right to resolve any such dispute through a trial by jury or judge or administrative proceeding. The Company acknowledges that Executive will have the right to be represented by legal counsel at any arbitration proceeding. The arbitrator shall: (a) have the authority to compel adequate discovery for the resolution of the dispute and to award such relief as would otherwise be permitted by law; and (b) issue a written arbitration decision, to include the arbitrator's essential findings and conclusions and a statement of the award. The arbitrator shall be authorized to award any or all remedies that Executive or the Company would be entitled to seek in a court of law. The Company shall pay all JAMS' arbitration fees in excess of the amount of court fees that would be required of Executive if the dispute were decided in a court of law. Nothing in this Agreement is intended to prevent either Executive or the Company from obtaining injunctive relief in court to prevent irreparable harm pending the conclusion of any such arbitration. Any awards or orders in such arbitrations may be entered and enforced as judgments in the federal and state courts of any competent jurisdiction.

13. General Provisions.

13.1 Notices. Any notices provided must be in writing and will be deemed effective upon the earlier of personal delivery (including personal delivery by fax) or the next day after sending by overnight carrier, to the Company at its primary office location and to Executive at the address as listed on the Company payroll.

13.2 Severability. Whenever possible, each provision of this Agreement will be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Agreement is held to be invalid, illegal or unenforceable in any respect under any applicable law or rule in any jurisdiction, such invalidity, illegality or unenforceability will not affect any other provision or any other jurisdiction, but this Agreement will be reformed, construed and enforced in such jurisdiction to the extent possible in keeping with the intent of the parties.

13.3 Waiver. Any waiver of any breach of any provisions of this Agreement must be in writing to be effective, and it shall not thereby be deemed to have waived any preceding or succeeding breach of the same or any other provision of this Agreement.

13.4 Complete Agreement. This Agreement, together with the Restrictive Covenant Agreement, constitutes the entire agreement between Executive and the Company with regard to this subject matter and is the complete, final, and exclusive embodiment of the Parties' agreement with regard to this subject matter, and supersedes all prior or contemporaneous offers, negotiations and agreements, whether written or oral, relating to such subject matter, including the offer letter entered into between Executive and the Company as of March 21, 2019. This Agreement is entered into without reliance on any promise or representation, written or oral, other than those expressly contained herein, and it supersedes any other such promises, warranties or

representations. It is entered into without reliance on any promise or representation other than those expressly contained herein, and it cannot be modified or amended except in a writing signed by a duly authorized officer of the Company.

13.5 Counterparts. This Agreement may be executed in separate counterparts, any one of which need not contain signatures of more than one party, but all of which taken together will constitute one and the same Agreement.

13.6 Headings. The headings of the paragraphs hereof are inserted for convenience only and shall not be deemed to constitute a part hereof nor to affect the meaning thereof.

13.7 Successors and Assigns. This Agreement is intended to bind and inure to the benefit of and be enforceable by Executive and the Company, and their respective successors, assigns, heirs, executors and administrators, except that Executive may not assign any of Executive's duties hereunder and Executive may not assign any of Executive's rights hereunder without the written consent of the Company.

13.8 Tax Withholding and Indemnification. All payments and awards contemplated or made pursuant to this Agreement will be subject to withholdings of applicable taxes in compliance with all relevant laws and regulations of all appropriate government authorities. Executive acknowledges and agrees that the Company has neither made any assurances nor any guarantees concerning the tax treatment of any payments or awards contemplated by or made pursuant to this Agreement. Executive has had the opportunity to retain a tax and financial advisor and fully understands the tax and economic consequences of all payments and awards made pursuant to the Agreement.

13.9 Choice of Law. All questions concerning the construction, validity and interpretation of this Agreement will be governed by the laws of the State of Delaware.

In Witness Whereof, the Parties have executed this Agreement on the day and year first written above.

Prelude Therapeutics Incorporated

By: /s/ Kris Vaddi

Title: Chief Executive Officer

[*Signature Page to Employment Agreement*]

In Witness Whereof, the Parties have executed this Agreement on the day and year first written above.

Prelude Therapeutics Incorporated

By:
Title:

Andrew Combs

/s/ Andrew Combs

[*Signature Page to Employment Agreement*]

Exhibit A

Employee Proprietary Information, Restrictive Covenant and Invention Assignment Agreement

Exhibit 10.9

EXECUTIVE EMPLOYMENT AGREEMENT

This Executive Employment Agreement (the "**Agreement**"), made between Prelude Therapeutics Incorporated, a Delaware corporation (the "**Company**"), and Laurent Chardonnet ("**Executive**" and, collectively with the Company, the "**Parties**"), is entered into as of 11/5/2021 | 5:16 PM EDT.

WHEREAS, the Company desires to employ Executive as the Company's Chief Financial Officer.

NOW, THEREFORE, in consideration of the mutual promises and covenants contained herein and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties hereto agree as follows:

1. Employment by the Company.

1.1 Employment. This Agreement shall govern the terms of Executive's employment with the Company, which shall commence as of November 29, 2021 or such other date as mutually determined by Executive and the Company (such date, the "**Start Date**").

1.2 Position. Executive shall serve as the Company's Chief Financial Officer. During the term of Executive's employment with the Company hereunder, Executive will devote Executive's best efforts and substantially all of Executive's business time and attention to the business of the Company, except as otherwise set forth in Section 11.1.

1.3 Duties and Location. Executive shall perform such duties as are typically performed by a Chief Financial Officer. Executive will initially report to the Company's Chief Executive Officer. Executive's primary office location shall be the Company's office located in Wilmington, Delaware.

1.4 Policies and Procedures. The employment relationship between the Parties shall be governed by the general employment policies and practices of the Company, except that when the terms of this Agreement differ from or are in conflict with the Company's general employment policies or practices, this Agreement shall control.

2. Compensation.

2.1 Salary. For services to be rendered hereunder, Executive shall receive a base salary at the rate of four hundred thousand U.S. Dollars ($400,000) per year (such base salary, as in effect from time to time, the "**Base Salary**"), subject to standard payroll deductions and withholdings and payable in accordance with the Company's regular payroll schedule.

2.2 Annual Bonus; Sign-On Bonus. Executive will be eligible for an annual discretionary bonus with a target amount equal to 40% of Executive's Base Salary (the "**Annual Bonus**"), which shall be prorated for Executive's initial year of employment. Whether Executive receives an Annual Bonus for any given year, and the amount of any such Annual Bonus, will be determined by the board of directors of the Company (the "**Board**") or the compensation committee thereof in its sole discretion based upon the Company's achievement of objectives and

milestones to be determined at the beginning of each year and mutually agreed upon by Executive and the Company's Chief Executive Officer and approved by the compensation committee of the Board. Executive will not be eligible for, and will not earn, any Annual Bonus (including a prorated bonus) if Executive's employment terminates for any reason before any Annual Bonus is paid.

In addition, Executive will be entitled to receive a one-time sign-on bonus of one hundred and sixty thousand U.S. Dollars ($160,000) (the "**Sign-On Bonus**"), payable in a single lump-sum in January 2022, subject to Executive's continued employment through such date. In the event Executive's employment with the Company is terminated by the Company for Cause or Executive resigns for any reason, in each case prior to the first anniversary of the Start Date, the Company shall be entitled to recoup, and Executive hereby agrees to repay to the Company, the full amount of the Sign-On Bonus within 10 days following such termination of employment.

2.3 Equity. Subject to approval by the Board or the compensation committee thereof, the Company will grant Executive an option to purchase one hundred and eighty thousand (180,000) shares of the Company's common stock, with a per share exercise price equal to the fair market value of a share of the Company's common stock on the date of grant, as determined by the Board or the compensation committee thereof in accordance with the Company's customary stock option granting practices (the "**Option**"). Subject to approval by the Board, the Option will be granted on the first business day of the month following the Start Date. 1/4th of the shares underlying the Option will vest and become exercisable on the one-year anniversary of the Start Date, and 1/48th of the shares underlying the Option will vest and become exercisable on a monthly basis thereafter, such that 100% of the shares underlying the Option shall be vested and exercisable as of the four-year anniversary of the Start Date, in each case so long as Executive remains employed by the Company through each applicable vesting date. If the applicable vesting schedule results in a fractional share, such fractional share shall not vest until the immediately following vesting date. The Option will be subject to the terms and conditions consistent with those provided in the Company's 2020 Equity Incentive Plan, and will be governed in all respects by the terms of the applicable stock option agreement to be entered into between Executive and the Company, except as specifically provided herein. Further details regarding the Option will be provided to the Executive upon approval of such grant by the Board. Executive may be considered for future grants of equity awards in the discretion of the Board or the compensation committee thereof pursuant to its regular review process commencing in the first fiscal quarter of 2022.

3. Standard Company Benefits. Executive shall be entitled to accrue four weeks of paid time off per annum and participate in all other employee benefit programs for which Executive is eligible under the terms and conditions of the benefit plans that may be in effect from time to time and provided by the Company to its employees.

4. Expenses. The Company will reimburse Executive for reasonable travel, entertainment or other expenses incurred by Executive in furtherance or in connection with the performance of Executive's duties hereunder, in accordance with the Company's expense reimbursement policy as in effect from time to time.

5. Termination of Employment; Severance.

5.1 At-Will Employment. Executive's employment relationship is at-will. Either Executive or the Company may terminate the employment relationship at any time, with or without Cause (as defined below) or advance notice. In the event Executive's employment relationship is terminated for any reason, Executive shall be entitled to receive Executive's earned but unpaid Base Salary, unreimbursed business expenses properly incurred by Executive pursuant to Section 4 and any other compensation or benefit earned by or owed to (but not yet paid to) Executive through and including the date of termination, payable in a lump sum on the next regularly scheduled payroll date following the date on which Executive's employment terminated, or at such other date as shall be specified under the terms of the employee benefit plan pursuant to which such compensation or benefit is payable. Executive shall also resign from all positions and terminate any relationships as an employee, advisor, officer or director with the Company and any of its affiliates, each effective on the date of termination.

5.2 Severance Benefits for Termination Without Cause Unrelated to a Change of Control. In the event Executive's employment with the Company is terminated by the Company without Cause prior to a Change of Control (as defined below) or more than twelve (12) months following a Change of Control, the Company shall provide Executive with the following payments and benefits, provided that Executive remains in compliance with the terms of this Agreement and the Restrictive Covenant Agreement (as defined below) and subject to Section 6 below:

(i) The Company shall pay Executive, as severance, the equivalent of nine (9) months of Executive's Base Salary as in effect as of the date of Executive's employment termination. This severance will be paid in the form of salary continuation, payable on the Company's regular payroll dates, subject to standard payroll deductions and withholdings, starting on the 60th day after Executive's termination date, with the first payment to include those payments that would have occurred earlier but for the 60-day delay.

(ii) Provided that Executive is then eligible for and timely elects continued coverage under COBRA, the Company shall directly pay, or reimburse Executive for, the monthly COBRA premiums to continue Executive's coverage (including coverage for eligible dependents, if applicable) through the period starting on Executive's termination date and ending on the earliest to occur of: (a) nine (9) months following Executive's termination date; (b) the date Executive becomes eligible for group health insurance coverage through a new employer; or (c) the date Executive ceases to be eligible for COBRA continuation coverage for any reason, including plan termination. In the event Executive becomes covered under another employer's group health plan or otherwise ceases to be eligible for COBRA during this time period, Executive must immediately notify the Company of such event. Notwithstanding the foregoing, if the Company determines, in its sole discretion, that it cannot pay the COBRA premiums without a substantial risk of violating applicable law, the Company instead shall pay to Executive, on the first day of each calendar month, a fully taxable cash payment equal to the applicable COBRA premiums for that month, subject to applicable tax withholdings, for the remainder of the COBRA premium period. Executive may, but is not obligated to, use such payments toward the cost of COBRA premiums.

5.3 Severance Benefits for Termination Without Cause or Resignation with Good Reason Related to a Change of Control. In the event Executive's employment with the Company is terminated by the Company without Cause or Executive resigns for Good Reason in each case during the twelve (12) month period immediately following a Change of Control, the Company shall provide Executive with the following payments and benefits, provided that Executive remains in compliance with the terms of this Agreement and the Restrictive Covenant Agreement and subject to Section 6 below:

(i) The Company shall pay Executive, as severance, the equivalent of twelve (12) months of Executive's Base Salary as in effect as of the date of Executive's employment termination (disregarding any change to Executive's Base Salary giving rise to Good Reason). This severance will be paid in the form of salary continuation, payable on the Company's regular payroll dates, subject to standard payroll deductions and withholdings, starting on the 60th day after Executive's termination date, with the first payment to include those payments that would have occurred earlier but for the 60-day delay.

(ii) In addition, the Company shall pay Executive, as severance, an amount equal to one hundred percent (100%) of Executive's target annual bonus as in effect as of the date of Executive's employment termination (disregarding any change to Executive's Base Salary giving rise to Good Reason), payable in a lump sum, less deductions and withholdings, at the same time as the first severance payment described in Section 5.3(i) above. For the avoidance of doubt, the amount payable pursuant to this Section 5.3(ii) shall not be subject to proration based on the portion of the year elapsed as of the date of termination.

(iii) Provided that Executive is then eligible for and timely elects continued coverage under COBRA, the Company shall directly pay, or reimburse Executive for, the monthly COBRA premiums to continue Executive's coverage (including coverage for eligible dependents, if applicable) through the period starting on Executive's termination date and ending on the earliest to occur of: (a) twelve (12) months following Executive's termination date; (b) the date Executive becomes eligible for group health insurance coverage through a new employer; or (c) the date Executive ceases to be eligible for COBRA continuation coverage for any reason, including plan termination. In the event Executive becomes covered under another employer's group health plan or otherwise ceases to be eligible for COBRA during this time period, Executive must immediately notify the Company of such event. Notwithstanding the foregoing, if the Company determines, in its sole discretion, that it cannot pay the COBRA premiums without a substantial risk of violating applicable law, the Company instead shall pay to Executive, on the first day of each calendar month, a fully taxable cash payment equal to the applicable COBRA premiums for that month, subject to applicable tax withholdings, for the remainder of the COBRA premium period. Executive may, but is not obligated to, use such payments toward the cost of COBRA premiums.

(iv) The vesting of all unvested equity-based incentive compensation awards outstanding as of the date of such Change in Control and held by Executive as of the date of such termination shall be accelerated such that 100% of the shares underlying such awards shall be deemed immediately vested and, in the case of stock options, exercisable; *provided that*, in the case of any unvested equity-based incentive compensation awards that are subject to performance-

based vesting terms as of the date of such termination, the treatment of such performance-based vesting conditions shall be governed by the applicable equity plan and award agreement.

5.4 Termination for Cause; Resignation Without Good Reason; Death or Disability.

(i) If Executive resigns for any reason prior to or more than twelve (12) months following a Change in Control, resigns without Good Reason within the twelve (12) months following a Change in Control, or the Company terminates Executive's employment for Cause, Executive shall not be entitled to receive any payments or benefits under this Agreement, other than as set forth in Section 5.1.

(ii) Executive's employment shall terminate automatically upon Executive's death or Total Disability. "**Total Disability**" shall mean Executive's inability, with reasonable accommodation, to perform the duties of Executive's position for a period or periods aggregating ninety (90) calendar days in any period of one hundred eighty days (180) consecutive days as a result of physical or mental illness, loss of legal capacity or any other cause beyond Executive's control. Executive and the Company hereby acknowledge that Executive's ability to perform the duties specified in Section 1 is the essence of this Agreement. Termination hereunder shall be deemed to be effective (a) at the end of the calendar month in which Executive's death occurs or (b) immediately upon a determination by the Board or the compensation committee thereof of Executive's Total Disability. In the case of termination of employment under this Section 5.4(ii), Executive shall not be entitled to receive any payments or benefits under this Agreement, other than as set forth in Section 5.1.

6. Conditions to Receipt of Severance Benefits. As a condition to receiving the payments and benefits set forth in Section 5.2 and Section 5.3, (i) Executive must execute and deliver to the Company a release of claims in a form reasonably acceptable to the Company and such release must have become effective and the revocation period provided therein must have expired without Executive having revoked such release within the 60-day period following the date of termination, and (ii) Executive must not have revoked or breached the provisions of such release or breached the provisions of the Restrictive Covenant Agreement. In the event that Executive does not execute and deliver such release, such release does not become effective and irrevocable within such period or Executive revokes or breaches the provisions of the release or breaches the provisions of the Restrictive Covenant Agreement, Executive (A) will be deemed to have voluntarily resigned Executive's employment hereunder without Good Reason, (B) will not be entitled to the payments, benefits or accelerated vesting described in Section 5.2 or Section 5.3 and (C) will be required to reimburse the Company, in cash within five business days after written demand is made by the Company therefore, for an amount equal to the value of any payments or benefits Executive received pursuant to Section 5.2 or Section 5.3.

7. Section 409A. It is intended that all of the severance benefits and other payments payable under this Agreement satisfy, to the greatest extent possible, the exemptions from the application of Section 409A of the Internal Revenue Code of 1986, as amended (the "**Code**" and "**Section 409A**") provided under Treasury Regulations 1.409A-1(b)(4), 1.409A-1(b)(5) and 1.409A-1(b)(9), and this Agreement will be construed to the greatest extent possible as consistent with those provisions, and to the extent not so exempt, this Agreement (and any definitions

hereunder) will be construed in a manner that complies with Section 409A. All payments and benefits that are payable upon a termination of employment hereunder shall be paid or provided only upon Executive's "separation from service" from the Company (within the meaning of Section 409A). For purposes of Section 409A (including, without limitation, for purposes of Treasury Regulation Section 1.409A-2(b)(2)(iii)), Executive's right to receive any installment payments under this Agreement (whether severance payments, reimbursements or otherwise) shall be treated as a right to receive a series of separate payments and, accordingly, each installment payment hereunder shall at all times be considered a separate and distinct payment. Notwithstanding any provision to the contrary in this Agreement, if Executive is deemed by the Company at the time of Executive's termination to be a "specified employee" for purposes of Section 409A(a)(2)(B)(i), and if any of the payments upon termination set forth herein and/or under any other agreement with the Company are deemed to be "deferred compensation", then to the extent delayed commencement of any portion of such payments is required in order to avoid a prohibited distribution under Section 409A(a)(2)(B)(i) and the related adverse taxation under Section 409A, such payments shall not be provided to Executive prior to the earliest of (i) the expiration of the six-month period measured from the date of Executive's termination with the Company, (ii) the date of Executive's death or (iii) such earlier date as permitted under Section 409A without the imposition of adverse taxation. Upon the first business day following the expiration of such applicable Section 409A(a)(2)(B)(i) period, all payments deferred pursuant to this Section 7 shall be paid in a lump sum to Executive, and any remaining payments due shall be paid as otherwise provided herein or in the applicable agreement. No interest shall be due on any amounts so deferred.

8. Section 280G. In the event that the severance and other benefits provided for in this Agreement or otherwise payable to Executive (i) constitute "parachute payments" within the meaning of Section 280G of the Code and (ii) but for this Section 8, would be subject to the excise tax imposed by Section 4999 of the Code, then, Executive's severance and other benefits under this Agreement shall be payable either (i) in full, or (ii) as to such lesser amount which would result in no portion of such severance and other benefits being subject to the excise tax under Section 4999 of the Code, whichever of the foregoing amounts, taking into account the applicable federal, state and local income taxes and the excise tax imposed by Section 4999 of the Code, results in the receipt by Executive on an after-tax basis of the greatest amount of severance benefits under this Agreement, notwithstanding that all or some portion of such severance benefits may be taxable under Section 4999 of the Code. Any reduction shall be made in the following order: (i) reduction of cash payments, (ii) cancellation of accelerated vesting of equity awards, and (iii) reduction of other benefits payable to Executive. Unless the Company and Executive otherwise agree in writing, any determination required under this Section 8 shall be made in writing by the Company's independent public accountants (the "**Accountants**"), whose determination shall be conclusive and binding upon Executive and the Company for all purposes. For purposes of making the calculations required by this Section 8, the Accountants may make reasonable assumptions and approximations concerning applicable taxes and may rely on reasonable, good faith interpretations concerning the application of Sections 280G and 4999 of the Code. The Company and Executive shall furnish to the Accountants such information and documents as the Accountants may reasonably request in order to make a determination under this Section 8. The Company shall bear all costs the Accountants may reasonably incur in connection with any calculations contemplated by this Section 8.

9. Definitions.

9.1 Cause. For purposes of this Agreement, "**Cause**" for termination will mean: (i) a material breach of any of Executive's obligations or duties pursuant to this Agreement or the Restrictive Covenant Agreement, which remains uncured seven days after Executive becomes aware of the breach by formal written notification by the Company; (ii) gross negligence, willful misconduct or breach of fiduciary duty in the course of employment; (iii) any action or activity that is contrary to applicable insider trading rules or any other applicable securities rules or legislation; (iv) a material act or omission involving substantial dishonesty or fraud that harms or would reasonably be expected to harm the Company; or (v) commission of, conviction or indictment for, or plea of no contest to, any felony (or state law equivalent) or any crime involving moral turpitude.

9.2 Good Reason. For purposes of this Agreement, "**Good Reason**" will mean any of the following actions taken by the Company without Executive's prior written consent: (i) a material adverse change in Executive's position, title, office or duties or assignment of any significant duties to Executive that are materially inconsistent with the position or offices held by Executive; (ii) Executive no longer serving as a Section 16 officer or, if the Company's ultimate parent following a Change in Control is not a public company, not reporting to the Chief Executive Officer of the Company's ultimate parent); (iii) a decrease in Executive's base salary by more than 10% (other than in connection with a broad-based reduction in the base salaries of all other officers of the Company); or (iv) a relocation that increases Executive's one-way commute by more than 25 miles. In order to resign for Good Reason, Executive must provide written notice to the Company's Chief Executive Officer within 60 days after the first occurrence of the event giving rise to Good Reason setting forth the basis for Executive's resignation, allow the Company at least 30 days from receipt of such written notice to cure such event, and if such event is not reasonably cured within such period, Executive must resign from all positions Executive then holds with the Company not later than 90 days after the expiration of such cure period.

9.3 Change of Control. For purposes of this Agreement, "**Change of Control**" means the occurrence of one or more of the following: (a) a merger, a consolidation, a reorganization or an arrangement that results in a transfer of more than fifty percent (50%) of the total voting power of the Company's outstanding securities to a person or a group of persons different from a person or a group of persons holding those securities immediately prior to such transaction (other than the Company or a person that directly or indirectly controls, is controlled by, or is under common control with, the Company); (b) a direct or indirect sale or other transfer of beneficial ownership of securities of the Company possessing more than fifty percent (50%) of the total combined voting power of the Company's outstanding securities to a person or a group of persons different from a person or a group of persons holding those securities immediately prior to such transaction (other than the Company or a person that directly or indirectly controls, is controlled by, or is under common control with, the Company); (c) a direct or indirect sale or other transfer of the right to appoint more than fifty percent (50%) of the directors of the Board or otherwise directly or indirectly control the management, affairs and business of the Company to a person or a group of persons different from a person or a group of persons holding this right immediately prior to such transaction (other than the Company or a person that directly or indirectly controls, is controlled by, or is under common control with, the Company); (d) a direct or indirect sale or other transfer of all or substantially all of the assets of the Company to a person

or a group of persons different from a person or a group of persons holding those assets immediately prior to such transaction (other than the Company or a person that directly or indirectly controls, is controlled by, or is under common control with, the Company); or (e) a complete liquidation, dissolution or winding-up of the Company; *provided*, *however*, that a Change in Control will not be deemed to have occurred if such Change in Control results solely from the issuance, in connection with a bona fide financing or series of financings by the Company, of voting securities of the Company or any rights to acquire voting securities of the Company which are convertible into voting securities.

10. Proprietary Information Obligations. As an employee of the Company, Executive will have access to certain confidential information of the Company and Executive may, during the course of Executive's employment develop certain information or inventions that will be the property of the Company. To the protect the Company's interests, as a condition of employment, Executive must execute and abide by the Employee Proprietary Information, Restrictive Covenant and Invention Assignment Agreement attached here to as Exhibit A (the "**Restrictive Covenant Agreement**").

11. Outside Activities During Employment.

11.1 Non-Company Business. Except with the prior written consent of the Board, Executive will not during the term of Executive's employment with the Company undertake or engage in any other employment, occupation or business enterprise, other than ones in which Executive is a passive investor, provided that they do not violate the Restrictive Covenant Agreement. Executive may engage in civic and not-for-profit activities so long as such activities do not materially interfere with the performance of Executive's duties hereunder.

11.2 No Adverse Interests. Executive agrees not to acquire, assume or participate in, directly or indirectly, any position, investment or interest known to be adverse or antagonistic to the Company, its business or prospects, financial or otherwise.

12. Dispute Resolution. To ensure the timely and economical resolution of disputes that may arise in connection with Executive's employment with the Company, Executive and the Company agree that any and all disputes, claims, or causes of action arising from or relating to the enforcement, breach, performance, negotiation, execution, or interpretation of this Agreement, Executive's employment, or the termination of Executive's employment, including but not limited to statutory claims, shall be resolved to the fullest extent permitted by law by final, binding and confidential arbitration, by a single arbitrator, in Wilmington, Delaware conducted by JAMS, Inc. ("**JAMS**") under the then applicable JAMS rules or by another arbitration company if mutually agreed upon by Executive and Board. By agreeing to this arbitration procedure, both Executive and the Company waive the right to resolve any such dispute through a trial by jury or judge or administrative proceeding. The Company acknowledges that Executive will have the right to be represented by legal counsel at any arbitration proceeding. The arbitrator shall: (a) have the authority to compel adequate discovery for the resolution of the dispute and to award such relief as would otherwise be permitted by law; and (b) issue a written arbitration decision, to include the arbitrator's essential findings and conclusions and a statement of the award. The arbitrator shall be authorized to award any or all remedies that Executive or the Company would be entitled to seek in a court of law. The Company shall pay all JAMS' arbitration fees in excess of the amount of

court fees that would be required of Executive if the dispute were decided in a court of law. Nothing in this Agreement is intended to prevent either Executive or the Company from obtaining injunctive relief in court to prevent irreparable harm pending the conclusion of any such arbitration. Any awards or orders in such arbitrations may be entered and enforced as judgments in the federal and state courts of any competent jurisdiction.

13. General Provisions.

13.1 Notices. Any notices provided must be in writing and will be deemed effective upon the earlier of personal delivery (including personal delivery by fax) or the next day after sending by overnight carrier, to the Company at its primary office location and to Executive at the address as listed on the Company payroll.

13.2 Severability. Whenever possible, each provision of this Agreement will be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Agreement is held to be invalid, illegal or unenforceable in any respect under any applicable law or rule in any jurisdiction, such invalidity, illegality or unenforceability will not affect any other provision or any other jurisdiction, but this Agreement will be reformed, construed and enforced in such jurisdiction to the extent possible in keeping with the intent of the parties.

13.3 Waiver. Any waiver of any breach of any provisions of this Agreement must be in writing to be effective, and it shall not thereby be deemed to have waived any preceding or succeeding breach of the same or any other provision of this Agreement.

13.4 Complete Agreement. This Agreement, together with the Restrictive Covenant Agreement, constitutes the entire agreement between Executive and the Company with regard to this subject matter and is the complete, final, and exclusive embodiment of the Parties' agreement with regard to this subject matter, and supersedes all prior or contemporaneous offers, negotiations and agreements, whether written or oral, relating to such subject matter. This Agreement is entered into without reliance on any promise or representation, written or oral, other than those expressly contained herein, and it supersedes any other such promises, warranties or representations. It is entered into without reliance on any promise or representation other than those expressly contained herein, and it cannot be modified or amended except in a writing signed by a duly authorized officer of the Company.

13.5 Counterparts. This Agreement may be executed in separate counterparts, any one of which need not contain signatures of more than one party, but all of which taken together will constitute one and the same Agreement.

13.6 Headings. The headings of the paragraphs hereof are inserted for convenience only and shall not be deemed to constitute a part hereof nor to affect the meaning thereof.

13.7 Successors and Assigns. This Agreement is intended to bind and inure to the benefit of and be enforceable by Executive and the Company, and their respective successors, assigns, heirs, executors and administrators, except that Executive may not assign any of Executive's duties hereunder and Executive may not assign any of Executive's rights hereunder without the written consent of the Company.

13.8 Tax Withholding and Indemnification. All payments and awards contemplated or made pursuant to this Agreement will be subject to withholdings of applicable taxes in compliance with all relevant laws and regulations of all appropriate government authorities. Executive acknowledges and agrees that the Company has neither made any assurances nor any guarantees concerning the tax treatment of any payments or awards contemplated by or made pursuant to this Agreement. Executive has had the opportunity to retain a tax and financial advisor and fully understands the tax and economic consequences of all payments and awards made pursuant to the Agreement.

13.9 Choice of Law. All questions concerning the construction, validity and interpretation of this Agreement will be governed by the laws of the State of Delaware.

[*Remainder of Page Intentionally Left Blank*]

In Witness Whereof, the Parties have executed this Agreement on the day and year first written above.

Prelude Therapeutics Incorporated

By: /s/ Michele Porreca
Title: 11/7/2021 | 11:11 AM EST

Laurent Chardonnet

/s/ Laurent Chardonnet

Exhibit A

Employee Proprietary Information, Restrictive Covenant and Invention Assignment Agreement

Exhibit 10.10

EXECUTIVE EMPLOYMENT AGREEMENT

This Executive Employment Agreement (the "**Agreement**"), made between Prelude Therapeutics Incorporated, a Delaware corporation (the "**Company**"), and Brian Piper ("**Executive**" and, collectively with the Company, the "**Parties**"), is entered into as of December 19, 2020 (the "**Effective Date**").

WHEREAS, the Company desires to continue to employ Executive as the Company's Chief Financial Officer, and Executive desires to continue to serve in such capacity, pursuant to the terms and conditions set forth in this Agreement.

NOW, THEREFORE, in consideration of the mutual promises and covenants contained herein and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties hereto agree as follows:

1. Employment by the Company.

1.1 Employment. This Agreement shall govern the terms of Executive's employment with the Company, effective as of the Effective Date.

1.2 Position. Executive shall continue to serve as the Company's Chief Financial Officer. During the term of Executive's employment with the Company hereunder, Executive will devote Executive's best efforts and substantially all of Executive's business time and attention to the business of the Company, except as otherwise set forth in Section 11.1.

1.3 Duties and Location. Executive shall perform such duties as are typically performed by a Chief Financial Officer. Executive will report to the Company's Chief Executive Officer. Executive's primary office location shall be the Company's office located in Wilmington, Delaware.

1.4 Policies and Procedures. The employment relationship between the Parties shall be governed by the general employment policies and practices of the Company, except that when the terms of this Agreement differ from or are in conflict with the Company's general employment policies or practices, this Agreement shall control.

2. Compensation.

2.1 Salary. For services to be rendered hereunder, Executive shall receive a base salary at the rate of three hundred seventy-five thousand U.S. Dollars ($375,000) per year (such base salary, as in effect from time to time, the "**Base Salary**"), subject to standard payroll deductions and withholdings and payable in accordance with the Company's regular payroll schedule.

2.2 Bonus. Executive will be eligible for an annual discretionary bonus with a target amount equal to 40% of Executive's Base Salary (the "**Annual Bonus**"). Whether Executive receives an Annual Bonus for any given year, and the amount of any such Annual Bonus, will be determined by the board of directors of the Company (the "**Board**") or the compensation committee thereof in its sole discretion based upon the Company's and Executive's achievement

of objectives and milestones to be determined on an annual basis by the Board or the compensation committee thereof. Executive will not be eligible for, and will not earn, any Annual Bonus (including a prorated bonus) if Executive's employment terminates for any reason before any Annual Bonus is paid.

3. Standard Company Benefits. Executive shall be entitled to participate in all employee benefit programs for which Executive is eligible under the terms and conditions of the benefit plans that may be in effect from time to time and provided by the Company to its employees.

4. Expenses. The Company will reimburse Executive for reasonable travel, entertainment or other expenses incurred by Executive in furtherance or in connection with the performance of Executive's duties hereunder, in accordance with the Company's expense reimbursement policy as in effect from time to time.

5. Termination of Employment; Severance.

5.1 At-Will Employment. Executive's employment relationship is at-will. Either Executive or the Company may terminate the employment relationship at any time, with or without Cause (as defined below) or advance notice. In the event Executive's employment relationship is terminated for any reason, Executive shall be entitled to receive Executive's earned but unpaid Base Salary, unreimbursed business expenses properly incurred by Executive pursuant to Section 4 and any other compensation or benefit earned by or owed to (but not yet paid to) Executive through and including the date of termination, payable in a lump sum on the next regularly scheduled payroll date following the date on which Executive's employment terminated, or at such other date as shall be specified under the terms of the employee benefit plan pursuant to which such compensation or benefit is payable. Executive shall also resign from all positions and terminate any relationships as an employee, advisor, officer or director with the Company and any of its affiliates, each effective on the date of termination.

5.2 Severance Benefits for Termination Without Cause Unrelated to a Change of Control. In the event Executive's employment with the Company is terminated by the Company without Cause prior to a Change of Control (as defined below) or more than twelve (12) months following a Change of Control, the Company shall provide Executive with the following payments and benefits, provided that Executive remains in compliance with the terms of this Agreement and the Restrictive Covenant Agreement (as defined below) and subject to Section 6 below:

(i) The Company shall pay Executive, as severance, the equivalent of nine (9) months of Executive's Base Salary as in effect as of the date of Executive's employment termination. This severance will be paid in the form of salary continuation, payable on the Company's regular payroll dates, subject to standard payroll deductions and withholdings, starting on the 60th day after Executive's termination date, with the first payment to include those payments that would have occurred earlier but for the 60-day delay.

(ii) Provided that Executive is then eligible for and timely elects continued coverage under COBRA, the Company shall directly pay, or reimburse Executive for,

the monthly COBRA premiums to continue Executive's coverage (including coverage for eligible dependents, if applicable) through the period starting on Executive's termination date and ending on the earliest to occur of: (a) nine (9) months following Executive's termination date; (b) the date Executive becomes eligible for group health insurance coverage through a new employer; or (c) the date Executive ceases to be eligible for COBRA continuation coverage for any reason, including plan termination. In the event Executive becomes covered under another employer's group health plan or otherwise ceases to be eligible for COBRA during this time period, Executive must immediately notify the Company of such event. Notwithstanding the foregoing, if the Company determines, in its sole discretion, that it cannot pay the COBRA premiums without a substantial risk of violating applicable law, the Company instead shall pay to Executive, on the first day of each calendar month, a fully taxable cash payment equal to the applicable COBRA premiums for that month, subject to applicable tax withholdings, for the remainder of the COBRA premium period. Executive may, but is not obligated to, use such payments toward the cost of COBRA premiums.

5.3 Severance Benefits for Termination Without Cause or Resignation with Good Reason Related to a Change of Control. In the event Executive's employment with the Company is terminated by the Company without Cause or Executive resigns for Good Reason in each case during the twelve (12) month period immediately following a Change of Control, the Company shall provide Executive with the following payments and benefits, provided that Executive remains in compliance with the terms of this Agreement and the Restrictive Covenant Agreement and subject to Section 6 below:

(i) The Company shall pay Executive, as severance, the equivalent of twelve (12) months of Executive's Base Salary as in effect as of the date of Executive's employment termination (disregarding any change to Executive's Base Salary giving rise to Good Reason). This severance will be paid in the form of salary continuation, payable on the Company's regular payroll dates, subject to standard payroll deductions and withholdings, starting on the 60th day after Executive's termination date, with the first payment to include those payments that would have occurred earlier but for the 60-day delay.

(ii) In addition, the Company shall pay Executive, as severance, an amount equal to one hundred percent (100%) of Executive's target annual bonus as in effect as of the date of Executive's employment termination (disregarding any change to Executive's Base Salary giving rise to Good Reason), payable in a lump sum, less deductions and withholdings, at the same time as the first severance payment described in Section 5.3(i) above. For the avoidance of doubt, the amount payable pursuant to this Section 5.3(ii) shall not be subject to proration based on the portion of the year elapsed as of the date of termination.

(iii) Provided that Executive is then eligible for and timely elects continued coverage under COBRA, the Company shall directly pay, or reimburse Executive for, the monthly COBRA premiums to continue Executive's coverage (including coverage for eligible dependents, if applicable) through the period starting on Executive's termination date and ending on the earliest to occur of: (a) twelve (12) months following Executive's termination date; (b) the date Executive becomes eligible for group health insurance coverage through a new employer; or (c) the date Executive ceases to be eligible for COBRA continuation coverage for any reason, including plan termination. In the event Executive becomes covered under another employer's

group health plan or otherwise ceases to be eligible for COBRA during this time period, Executive must immediately notify the Company of such event. Notwithstanding the foregoing, if the Company determines, in its sole discretion, that it cannot pay the COBRA premiums without a substantial risk of violating applicable law, the Company instead shall pay to Executive, on the first day of each calendar month, a fully taxable cash payment equal to the applicable COBRA premiums for that month, subject to applicable tax withholdings, for the remainder of the COBRA premium period. Executive may, but is not obligated to, use such payments toward the cost of COBRA premiums.

(iv) The vesting of all unvested equity-based incentive compensation awards outstanding as of the date of such Change in Control and held by Executive as of the date of such termination shall be accelerated such that 100% of the shares underlying such awards shall be deemed immediately vested and exercisable; *provided that*, in the case of any unvested equity-based incentive compensation awards that are subject to performance-based vesting terms as of the date of such termination, the treatment of such performance-based vesting conditions shall be governed by the applicable equity plan and award agreement.

5.4 Termination for Cause; Resignation Without Good Reason; Death or Disability.

(i) If Executive resigns for any reason prior to or more than twelve (12) months following a Change in Control, resigns without Good Reason within the twelve (12) months following a Change in Control, or the Company terminates Executive's employment for Cause, Executive shall not be entitled to receive any payments or benefits under this Agreement, other than as set forth in Section 5.1.

(ii) Executive's employment shall terminate automatically upon Executive's death or Total Disability. "**Total Disability**" shall mean Executive's inability, with reasonable accommodation, to perform the duties of Executive's position for a period or periods aggregating ninety (90) calendar days in any period of one hundred eighty days (180) consecutive days as a result of physical or mental illness, loss of legal capacity or any other cause beyond Executive's control. Executive and the Company hereby acknowledge that Executive's ability to perform the duties specified in Section 1 is the essence of this Agreement. Termination hereunder shall be deemed to be effective (a) at the end of the calendar month in which Executive's death occurs or (b) immediately upon a determination by the Board or the compensation committee thereof of Executive's Total Disability. In the case of termination of employment under this Section 5.4(ii), Executive shall not be entitled to receive any payments or benefits under this Agreement, other than as set forth in Section 5.1.

6. Conditions to Receipt of Severance Benefits. As a condition to receiving the payments and benefits set forth in Section 5.2 and Section 5.3, (i) Executive must execute and deliver to the Company a release of claims in a form reasonably acceptable to the Company and such release must have become effective and the revocation period provided therein must have expired without Executive having revoked such release within the 60-day period following the date of termination, and (ii) Executive must not have revoked or breached the provisions of such release or breached the provisions of the Restrictive Covenant Agreement. In the event that Executive does not execute and deliver such release, such release does not become effective and

irrevocable within such period or Executive revokes or breaches the provisions of the release or breaches the provisions of the Restrictive Covenant Agreement, Executive (A) will be deemed to have voluntarily resigned Executive's employment hereunder without Good Reason, (B) will not be entitled to the payments, benefits or accelerated vesting described in Section 5.2 or Section 5.3 and (C) will be required to reimburse the Company, in cash within five business days after written demand is made by the Company therefore, for an amount equal to the value of any payments or benefits Executive received pursuant to Section 5.2 or Section 5.3.

7. Section 409A. It is intended that all of the severance benefits and other payments payable under this Agreement satisfy, to the greatest extent possible, the exemptions from the application of Section 409A of the Internal Revenue Code of 1986, as amended (the "**Code**" and "**Section 409A**") provided under Treasury Regulations 1.409A-1(b)(4), 1.409A-1(b)(5) and 1.409A-1(b)(9), and this Agreement will be construed to the greatest extent possible as consistent with those provisions, and to the extent not so exempt, this Agreement (and any definitions hereunder) will be construed in a manner that complies with Section 409A. All payments and benefits that are payable upon a termination of employment hereunder shall be paid or provided only upon Executive's "separation from service" from the Company (within the meaning of Section 409A). For purposes of Section 409A (including, without limitation, for purposes of Treasury Regulation Section 1.409A-2(b)(2)(iii)), Executive's right to receive any installment payments under this Agreement (whether severance payments, reimbursements or otherwise) shall be treated as a right to receive a series of separate payments and, accordingly, each installment payment hereunder shall at all times be considered a separate and distinct payment. Notwithstanding any provision to the contrary in this Agreement, if Executive is deemed by the Company at the time of Executive's termination to be a "specified employee" for purposes of Section 409A(a)(2)(B)(i), and if any of the payments upon termination set forth herein and/or under any other agreement with the Company are deemed to be "deferred compensation", then to the extent delayed commencement of any portion of such payments is required in order to avoid a prohibited distribution under Section 409A(a)(2)(B)(i) and the related adverse taxation under Section 409A, such payments shall not be provided to Executive prior to the earliest of (i) the expiration of the six-month period measured from the date of Executive's termination with the Company, (ii) the date of Executive's death or (iii) such earlier date as permitted under Section 409A without the imposition of adverse taxation. Upon the first business day following the expiration of such applicable Section 409A(a)(2)(B)(i) period, all payments deferred pursuant to this Section 7 shall be paid in a lump sum to Executive, and any remaining payments due shall be paid as otherwise provided herein or in the applicable agreement. No interest shall be due on any amounts so deferred.

8. Section 280G. In the event that the severance and other benefits provided for in this Agreement or otherwise payable to Executive (i) constitute "parachute payments" within the meaning of Section 280G of the Code and (ii) but for this Section 8, would be subject to the excise tax imposed by Section 4999 of the Code, then, Executive's severance and other benefits under this Agreement shall be payable either (i) in full, or (ii) as to such lesser amount which would result in no portion of such severance and other benefits being subject to the excise tax under Section 4999 of the Code, whichever of the foregoing amounts, taking into account the applicable federal, state and local income taxes and the excise tax imposed by Section 4999 of the Code, results in the receipt by Executive on an after-tax basis of the greatest amount of severance benefits under this Agreement, notwithstanding that all or some portion of such severance benefits may be

taxable under Section 4999 of the Code. Any reduction shall be made in the following order: (i) reduction of cash payments, (ii) cancellation of accelerated vesting of equity awards, and (iii) reduction of other benefits payable to Executive. Unless the Company and Executive otherwise agree in writing, any determination required under this Section 8 shall be made in writing by the Company's independent public accountants (the "**Accountants**"), whose determination shall be conclusive and binding upon Executive and the Company for all purposes. For purposes of making the calculations required by this Section 8, the Accountants may make reasonable assumptions and approximations concerning applicable taxes and may rely on reasonable, good faith interpretations concerning the application of Sections 280G and 4999 of the Code. The Company and Executive shall furnish to the Accountants such information and documents as the Accountants may reasonably request in order to make a determination under this Section 8. The Company shall bear all costs the Accountants may reasonably incur in connection with any calculations contemplated by this Section 8.

9. Definitions.

9.1 Cause. For purposes of this Agreement, "**Cause**" for termination will mean: (i) a material breach of any of Executive's obligations or duties pursuant to this Agreement or the Restrictive Covenant Agreement, which remains uncured seven days after Executive becomes aware of the breach by formal written notification by the Company; (ii) gross negligence, willful misconduct or breach of fiduciary duty in the course of employment; (iii) any action or activity that is contrary to applicable insider trading rules or any other applicable securities rules or legislation; (iv) a material act or omission involving substantial dishonesty or fraud that harms or would reasonably be expected to harm the Company; or (v) commission of, conviction or indictment for, or plea of no contest to, any felony (or state law equivalent) or any crime involving moral turpitude.

9.2 Good Reason. For purposes of this Agreement, "**Good Reason**" will mean any of the following actions taken by the Company without Executive's prior written consent: (i) a material adverse change in Executive's position, title, office or duties or assignment of any significant duties to Executive that are materially inconsistent with the position or offices held by Executive; (ii) Executive no longer serving as a Section 16 officer or, if the Company's ultimate parent following a Change in Control is not a public company, not reporting to the Chief Executive Officer of the Company's ultimate parent); (iii) a decrease in Executive's base salary by more than 10% (other than in connection with a broad-based reduction in the base salaries of all other officers of the Company); or (iv) a relocation that increases Executive's one-way commute by more than 25 miles. In order to resign for Good Reason, Executive must provide written notice to the Company's Chief Executive Officer within 60 days after the first occurrence of the event giving rise to Good Reason setting forth the basis for Executive's resignation, allow the Company at least 30 days from receipt of such written notice to cure such event, and if such event is not reasonably cured within such period, Executive must resign from all positions Executive then holds with the Company not later than 90 days after the expiration of such cure period.

9.3 Change of Control. For purposes of this Agreement, "**Change of Control**" means the occurrence of one or more of the following: (a) a merger, a consolidation, a reorganization or an arrangement that results in a transfer of more than fifty percent (50%) of the total voting power of the Company's outstanding securities to a person or a group of persons

different from a person or a group of persons holding those securities immediately prior to such transaction (other than the Company or a person that directly or indirectly controls, is controlled by, or is under common control with, the Company); (b) a direct or indirect sale or other transfer of beneficial ownership of securities of the Company possessing more than fifty percent (50%) of the total combined voting power of the Company's outstanding securities to a person or a group of persons different from a person or a group of persons holding those securities immediately prior to such transaction (other than the Company or a person that directly or indirectly controls, is controlled by, or is under common control with, the Company); (c) a direct or indirect sale or other transfer of the right to appoint more than fifty percent (50%) of the directors of the Board or otherwise directly or indirectly control the management, affairs and business of the Company to a person or a group of persons different from a person or a group of persons holding this right immediately prior to such transaction (other than the Company or a person that directly or indirectly controls, is controlled by, or is under common control with, the Company); (d) a direct or indirect sale or other transfer of all or substantially all of the assets of the Company to a person or a group of persons different from a person or a group of persons holding those assets immediately prior to such transaction (other than the Company or a person that directly or indirectly controls, is controlled by, or is under common control with, the Company); or (e) a complete liquidation, dissolution or winding-up of the Company; *provided*, *however*, that a Change in Control will not be deemed to have occurred if such Change in Control results solely from the issuance, in connection with a bona fide financing or series of financings by the Company, of voting securities of the Company or any rights to acquire voting securities of the Company which are convertible into voting securities.

10. Proprietary Information Obligations. As a condition of employment, Executive has previously executed and shall continue to abide by the Employee Proprietary Information, Restrictive Covenant and Invention Assignment Agreement attached here to as Exhibit A (the "**Restrictive Covenant Agreement**").

11. Outside Activities During Employment.

11.1 Non-Company Business. Except with the prior written consent of the Board, Executive will not during the term of Executive's employment with the Company undertake or engage in any other employment, occupation or business enterprise, other than ones in which Executive is a passive investor, provided that they do not violate the Restrictive Covenant Agreement. Executive may engage in civic and not-for-profit activities so long as such activities do not materially interfere with the performance of Executive's duties hereunder.

11.2 No Adverse Interests. Executive agrees not to acquire, assume or participate in, directly or indirectly, any position, investment or interest known to be adverse or antagonistic to the Company, its business or prospects, financial or otherwise.

12. Dispute Resolution. To ensure the timely and economical resolution of disputes that may arise in connection with Executive's employment with the Company, Executive and the Company agree that any and all disputes, claims, or causes of action arising from or relating to the enforcement, breach, performance, negotiation, execution, or interpretation of this Agreement, Executive's employment, or the termination of Executive's employment, including but not limited to statutory claims, shall be resolved to the fullest extent permitted by law by final, binding and

confidential arbitration, by a single arbitrator, in Wilmington, Delaware conducted by JAMS, Inc. ("**JAMS**") under the then applicable JAMS rules or by another arbitration company if mutually agreed upon by Executive and Board. By agreeing to this arbitration procedure, both Executive and the Company waive the right to resolve any such dispute through a trial by jury or judge or administrative proceeding. The Company acknowledges that Executive will have the right to be represented by legal counsel at any arbitration proceeding. The arbitrator shall: (a) have the authority to compel adequate discovery for the resolution of the dispute and to award such relief as would otherwise be permitted by law; and (b) issue a written arbitration decision, to include the arbitrator's essential findings and conclusions and a statement of the award. The arbitrator shall be authorized to award any or all remedies that Executive or the Company would be entitled to seek in a court of law. The Company shall pay all JAMS' arbitration fees in excess of the amount of court fees that would be required of Executive if the dispute were decided in a court of law. Nothing in this Agreement is intended to prevent either Executive or the Company from obtaining injunctive relief in court to prevent irreparable harm pending the conclusion of any such arbitration. Any awards or orders in such arbitrations may be entered and enforced as judgments in the federal and state courts of any competent jurisdiction.

13. General Provisions.

13.1 Notices. Any notices provided must be in writing and will be deemed effective upon the earlier of personal delivery (including personal delivery by fax) or the next day after sending by overnight carrier, to the Company at its primary office location and to Executive at the address as listed on the Company payroll.

13.2 Severability. Whenever possible, each provision of this Agreement will be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Agreement is held to be invalid, illegal or unenforceable in any respect under any applicable law or rule in any jurisdiction, such invalidity, illegality or unenforceability will not affect any other provision or any other jurisdiction, but this Agreement will be reformed, construed and enforced in such jurisdiction to the extent possible in keeping with the intent of the parties.

13.3 Waiver. Any waiver of any breach of any provisions of this Agreement must be in writing to be effective, and it shall not thereby be deemed to have waived any preceding or succeeding breach of the same or any other provision of this Agreement.

13.4 Complete Agreement. This Agreement, together with the Restrictive Covenant Agreement, constitutes the entire agreement between Executive and the Company with regard to this subject matter and is the complete, final, and exclusive embodiment of the Parties' agreement with regard to this subject matter, and supersedes all prior or contemporaneous offers, negotiations and agreements, whether written or oral, relating to such subject matter, including the offer letter entered into between Executive and the Company as of May 13, 2019. This Agreement is entered into without reliance on any promise or representation, written or oral, other than those expressly contained herein, and it supersedes any other such promises, warranties or representations. It is entered into without reliance on any promise or representation other than those expressly contained herein, and it cannot be modified or amended except in a writing signed by a duly authorized officer of the Company.

13.5 Counterparts. This Agreement may be executed in separate counterparts, any one of which need not contain signatures of more than one party, but all of which taken together will constitute one and the same Agreement.

13.6 Headings. The headings of the paragraphs hereof are inserted for convenience only and shall not be deemed to constitute a part hereof nor to affect the meaning thereof.

13.7 Successors and Assigns. This Agreement is intended to bind and inure to the benefit of and be enforceable by Executive and the Company, and their respective successors, assigns, heirs, executors and administrators, except that Executive may not assign any of Executive's duties hereunder and Executive may not assign any of Executive's rights hereunder without the written consent of the Company.

13.8 Tax Withholding and Indemnification. All payments and awards contemplated or made pursuant to this Agreement will be subject to withholdings of applicable taxes in compliance with all relevant laws and regulations of all appropriate government authorities. Executive acknowledges and agrees that the Company has neither made any assurances nor any guarantees concerning the tax treatment of any payments or awards contemplated by or made pursuant to this Agreement. Executive has had the opportunity to retain a tax and financial advisor and fully understands the tax and economic consequences of all payments and awards made pursuant to the Agreement.

13.9 Choice of Law. All questions concerning the construction, validity and interpretation of this Agreement will be governed by the laws of the State of Delaware.

[*Remainder of Page Intentionally Left Blank*]

In Witness Whereof, the Parties have executed this Agreement on the day and year first written above.

Prelude Therapeutics Incorporated

By: /s/ Kris Vaddi

Title: Chief Executive Officer

[*Signature Page to Employment Agreement*]

In Witness Whereof, the Parties have executed this Agreement on the day and year first written above.

Prelude Therapeutics Incorporated

By:
Title:

Brian Piper

/s/ Brian Piper

[*Signature Page to Employment Agreement*]

Exhibit A

Employee Proprietary Information, Restrictive Covenant and Invention Assignment Agreement

Exhibit 10.11

CERTAIN CONFIDENTIAL INFORMATION CONTAINED IN THIS DOCUMENT, MARKED BY [***], HAS BEEN OMITTED BECAUSE IT IS NOT MATERIAL AND WOULD LIKELY CAUSE COMPETITIVE HARM TO THE COMPANY IF PUBLICY DISCLOSED.

SINGLE-TENANT TRIPLE NET LEASE

This Single-Tenant Triple Net Lease (this "**Lease**") is made and entered into as of September 13, 2021 (the "**Effective Date**"), by and between **CRISP PARTNERS LLC**, a Delaware limited liability company ("**Landlord**"), and **PRELUDE THERAPEUTICS INCORPORATED**, a Delaware corporation ("**Tenant**").

1. **BASIC LEASE INFORMATION**.

1.1 "**Building**" shall mean the building known as Building 709 and located at Chestnut Run Plaza, 984 Centre Road, Wilmington, Delaware and containing approximately 80,874 rentable square feet.

1.2 "**Premises**" shall mean all of the interior space within the Building walls and below the Building ceiling, containing approximately 80,874 rentable square feet and shown on **Exhibit B** attached hereto.

1.3 "**Base Rent**":

Months of Term	**RSF**	**Base Rent Per RSF**	**Monthly Base Rent**
*Commencement Date – Last day of the 6th full calendar month of the Term	--	--	--
First day of the 7th full calendar month of the Term - Last day of the 12th full calendar month of the Term	60,000	$28.00	$140,000.00
First day of the 13th full calendar month of the Term - Last day of the 18th full calendar month of the Term	70,000	$28.00	$163,333.33
First day of the 19h full calendar month of the Term - Last day of the 30th full calendar month of the Term	80,874	$28.70	$193,423.65
First day of the 31st full calendar month of the Term - Last day of the 42nd full calendar month of the Term	80,874	$29.42	$198,276.09
First day of the 43rd full calendar month of the Term - Last day of the 54th full calendar month of the Term	80,874	$30.16	$203,263.32
First day of the 55th full calendar month of the Term - Last day of the 66th full calendar month of the Term	80,874	$30.91	$208,317.95
First day of the 67th full calendar month of the Term - Last day of the 78th full calendar month of the Term	80,874	$31.68	$213,507.36

Months of Term	RSF	Base Rent Per RSF	Monthly Base Rent
First day of the 79th full calendar month of the Term - Last day of the 90th full calendar month of the Term	80,874	$32.47	$218,831.57
First day of the 91st full calendar month of the Term - Last day of the 102nd full calendar month of the Term	80,874	$33.28	$224,290.56
First day of the 103rd full calendar month of the Term - Last day of the 114th full calendar month of the Term	80,874	$34.11	$229,884.35
First day of the 115th full calendar month of the Term - Last day of the 126th full calendar month of the Term	80,874	$34.96	$235,612.92
First day of the 127th full calendar month of the	80,874	$35.83	$241,476.29
Term - Last day of the 138th full calendar month of the Term			
First day of the 139th full calendar month of the Term - Last day of the 150th full calendar month of the Term	80,874	$36.73	$247,541.84
First day of the 151st full calendar month of the Term - Last day of the 162nd full calendar month of the Term	80,874	$37.65	$253,742.18

*This reflects an abatement of Base Rent in the amount of $140,000.00 per month, for a total of $840,000.00 for the first six full calendar months of the Term.

1.4 "**Estimated Expenses**": As of the date hereof, Estimated Expenses for the calendar year in which the Term commences are $562,883.04, payable in monthly installments of $46,906.92, subject to adjustment and reconciliation as provided for in this Lease. Notwithstanding the foregoing, monthly installments of Real Property Taxes and Operating Expenses shall be abated for the first six full calendar months of the Term, provided, however, that Tenant shall be obligated to pay for the cost of janitorial, electricity, gas, telecommunications, water, sewer, data and any other utility or service contracted directly by Tenant. For the avoidance of doubt, Tenant's obligations to pay Estimated Expenses in accordance with the terms and conditions of this Lease shall be calculated using the entire rentable square feet of the Building in the amount of 80,874 (regardless that Base Rent for the first 18 full calendar months of the Term may be calculated using a lesser amount for rentable square feet).

1.5 "**Tenant's Share**": for the Building is 100.00%, which is obtained by dividing the rentable square feet of the Premises by the rentable square feet of the Building.

1.6 "**Term**": The period commencing on the Commencement Date (as defined below) and, unless terminated earlier in accordance with this Lease, ending on the date (the "**Expiration Date**") that is the last day of the 162nd full calendar month after the Commencement Date. The "**Commencement Date**" shall mean the date that is the earlier of (i) the Landlord Work Substantial Completion Date (defined in **Exhibit G**), or (ii) the date Tenant takes possession of the Premises for the conduct of Tenant's business. Landlord and Tenant shall confirm the Commencement Date and the Expiration Date by executing a "Confirmation of Lease Terms Certificate" in the form attached hereto as **Exhibit F**, provided, however,

that (i) the enforceability of this Lease, and (ii) the determination of the Commencement Date, in each case, shall not be affected should either party fail or refuse to execute such certificate.

1.7 "**Security Deposit**": $4,043,700.00, as more fully described in Section 5.

1.8 "**Guarantor(s)**": Not required.

1.9 "**Broker(s)**": JLL.

1.10 "**Permitted Use**": Subject to Section 2.2 below, general office and other lawful purposes, laboratory facilities (including biology, biochemical radio, chemistry and process chem laboratories) and vivarium/animal testing (rodent only), including without limitation the following ancillary uses: (i) kitchen and café areas; (ii) conference facilities; (iii) gym/health club; and (iv) health care clinic.

1.11 "**Notice Address(es)**":

Landlord:

CRISP Partners LLC
C/O MRA Group
3 Village Rd,
Suite 200
Horsham, PA 19044
Attention: Lease Administration

Tenant:

Prior to the Commencement Date:

Prelude Therapeutics Incorporated
200 Powder Mill Road
Wilmington, DE 19803
Attention: Tim Mueller

From and after the Commencement Date:

Prelude Therapeutics Incorporated
Chestnut Run Plaza, Building 709
984 Centre Road
Wilmington, DE 19805
Attention: Tim Mueller

With a copy to:
Troutman Pepper Hamilton Sanders LLP
100 Market Street, Suite 200
P.O. Box 1181
Harrisburg, PA 17108-1181
Courier deliveries use ZIP code 17101 Attention: Hannah Dowd McPhelin, Esquire

1.12 "**Project**" means the multi-building project on the Property and any adjacent properties, of which the Building is a part. To the extent the Building shares certain expenses with other buildings in the Project (such as real estate taxes, landscaping expenses, costs of Maintaining any parking lots, common access drive(s), driveway(s), road(s), irrigation systems, storm water facilities, detention ponds, central utility plant and common road lighting and traffic controls), Landlord shall reasonably allocate such expenses between such buildings, excluding any expense that does not benefit all buildings in the Project but exclusively benefits just one building therein. As of the date hereof, the Project contains approximately 780,000 rentable square feet. Tenant's Share for the Project is obtained by dividing the rentable square feet

of the Building by the rentable square feet of all buildings in the Project. A legal description for the Project is attached hereto as **Exhibit P**.

1.13 "**Landlord Work**" means the work that Landlord shall perform pursuant to the "**Work Letter**" attached hereto as **Exhibit G**.

1.14 **Exhibits**: The following exhibits are incorporated into and made a part of this Lease:

- **Exhibit A** (Definitions)
- **Exhibit B** (Plan Showing Premises and Parking Areas)
- **Exhibit C** (Rules and Regulations)
- **Exhibit D** (Form of Lien Subordination)
- **Exhibit E** (Minimum Service Contract Requirements)
- **Exhibit F** (Confirmation of Lease Terms Certificate)
- **Exhibit G** (Work Letter)
- **Exhibit H** (Options to Renew)
- **Exhibit I** (Option to Expand the Building)
- **Exhibit J** (Option to Relocate)
- **Exhibit K** (Right of First Offer)
- **Exhibit L** (Form of Letter of Credit)
- **Exhibit M** (Form of SNDA)
- **Exhibit N** (Form of Memorandum of Lease)
- **Exhibit O** (Operating Expenses Exclusions)
- **Exhibit P** (Project Legal Description)
- **Exhibit Q** (Permitted Exceptions)

2. **PREMISES; USE**.

2.1 **Premises**. Landlord hereby leases to Tenant the Premises, together with the right to use the Exterior Areas for their intended purposes as driveways, sidewalks, parking, loading and landscaped areas. Tenant accepts the Premises, the Building and the Exterior Areas "AS-IS", with all defects, if any, and without any representation or warranty of any kind, express or implied, by Landlord, other than as otherwise expressly set forth in this Lease, but subject to all of Landlord's obligations expressly set forth in this Lease. Landlord warrants to Tenant that, (i) as of the date hereof, the Permitted Use has been approved (without the need for a special use permit) by the governmental authority having jurisdiction over

the Property, and (ii) as of the Commencement Date, the Premises and the Exterior Areas (and access thereto) shall be in material compliance with all Applicable Laws, unless and to the extent a compliance obligation arises as a result of the acts or omissions of Tenant or any Tenant Party. In the event that, as of the Commencement Date, the Premises and the Exterior Areas (and access thereto) is not in compliance with all Applicable Laws other than as a result of the acts or omissions of Tenant or any Tenant Party, Landlord shall promptly remedy any such non-compliance at its sole cost and expense and indemnify and hold harmless Tenant and the Tenant Indemnitees with respect to any liability, damage, costs or losses incurred as a result of such non-compliance. Landlord shall have exclusive control of all Exterior Areas at all times, subject to Tenant's right to use same consistent with the provisions of this Lease. Within thirty (30) days following the Landlord Work Substantial Completion Date, Landlord shall provide to Tenant a certificate from Tenant's Design Professional certifying to Landlord and Tenant the rentable square footages of the Premises and the Building (based on a calculation in accordance with the applicable Building Owners and Managers Association (BOMA) standards) and the parties hereto shall enter into an amendment to this Lease to correct any inaccuracy in the terms of this Lease that are dependent on such square footage as may be determined by such measurement, including without limitation the Allowance.

2.2 **Use**. The Premises shall be used only for the Permitted Use and for no other use or purpose. Tenant shall not commit, or permit to be committed by any Tenant Party, any conduct or condition which would constitute a nuisance or would disturb, endanger or otherwise unreasonably interfere with any occupants of the Project (whether through odors, noise, vibrations or otherwise), the management of the Project or the performance of Landlord's obligations under this Lease. Tenant shall not use or permit any Tenant Party to use of any portion of the Property or the Project for outdoor storage or auction. Tenant will, at its sole cost, promptly comply with, and cause Tenant's Parties to promptly comply with, all Applicable Laws now or subsequently pertaining to Tenant's specific use or manner of use of the Premises or to Alterations made by Tenant or to the acts or omissions of Tenant or any Tenant Party (other than mere use of the Premises for the Permitted Use). Tenant shall not use the Building in any manner that would cause the Building or the Property to be deemed a "place of public accommodation" under the ADA. Tenant, at its sole cost, shall be responsible for obtaining any permit, license, or other approval required by any governmental agency permitting Tenant's conduct of business in the Building, other than the C/O (as defined in the Work Letter), which shall be obtained by Landlord in accordance with the Work Letter. If an Alteration to the Building, the Property or the Project becomes required under any Applicable Law (or if any such requirement is enforced) as a result of Tenant's specific use or manner of use of the Premises or to Alterations made by Tenant or to the acts or omissions of Tenant or any Tenant Party (other than mere use of the Premises for the Permitted Use), then Tenant shall upon Landlord's demand and at Tenant's option, either make such Alteration at Tenant's sole cost or pay Landlord the cost of making such change within 30 days after being billed therefor. Tenant shall comply with the rules and regulations attached hereto as **Exhibit C**, together with such additional rules and regulations as Landlord may from time to time reasonably prescribe upon not less than 30 days' prior notice to Tenant and any such additional rules and regulations shall not materially increase Tenant's obligations or materially decrease Tenant's rights under this Lease ("**Rules and Regulations**"). Tenant shall have access to the Building, Premises and Exterior Areas 24 hours per day, 7 days per week, 365 days per year during the Term, except and to the extent of an emergency or any required repair or maintenance activities required by this Lease. In the event of any conflict or inconsistency between the Rules and Regulations and this Lease, this Lease shall control.

3. **POSSESSION**. Landlord shall not be liable for any loss or damage to Tenant resulting from any delay in delivering possession of the Premises due to circumstances outside of Landlord's reasonable control. Notwithstanding the foregoing, if the Landlord Work Substantial Completion Date and delivery of possession of the Premises to Tenant is not achieved on or before October 21, 2022, as such date shall be extended for Excusable Delays (as defined below) (such date, as extended, the "**First Penalty Date**"), then Tenant shall receive a credit, which credit shall be applied against Base Rent next due and owing under the Lease, of one day's Base Rent for each day after the First Penalty Date until the earlier of (a) the date

that the Landlord Work Substantial Completion Date is achieved and possession of the Premises is delivered to Tenant, or (b) the Second Penalty Date (as defined below). Notwithstanding the foregoing, if the Landlord Work Substantial Completion Date and delivery of possession of the Premises to Tenant is not achieved on or before December 5, 2022, as such date shall be extended for Excusable Delays (such date, as extended, the "**Second Penalty Date**"), then Tenant shall receive a credit, which credit shall be applied against Base Rent next due and owing under the Lease, of two days' Base Rent for each day after the Second Penalty Date until the date that the Landlord Work Substantial Completion Date is achieved and possession of the Premises is delivered to Tenant. Tenant shall have the right, at Tenant's own risk, expense and responsibility, at all reasonable times prior to the Commencement Date (as reasonably determined by Landlord), to enter the Premises for the sole and exclusive purpose of reviewing the condition of the Premises, provided that (a) Tenant obtains Landlord's prior written consent, not to be unreasonably withheld, conditioned or delayed, (b) Tenant does not interfere with or delay the Landlord Work, (c) Tenant uses contractors and workers compatible with the contractors and workers engaged by Landlord to complete the Landlord Work. If Tenant enters the Premises prior to the Commencement Date, then Tenant shall abide by the terms and conditions of this Lease as if the term of this Lease had already commenced, except that (i) Tenant shall have no maintenance and repair obligations (unless and to the extent something is damaged by the acts or omissions of Tenant or any Tenant Party) and no obligation to pay Base Rent, Real Property Taxes and Operating Expenses until the first day of the seventh full calendar month of the Term, unless and to the extent Base Rent, Real Property Taxes and Operating Expenses are payable during any partial month, as set forth in Section 4 of this Lease, and (ii) Tenant shall have obligations hereunder that are dependent upon Tenant having full and exclusive control of the Premises.

4. **RENT**. During the Term, Tenant shall pay Landlord, in monthly installments of 1/12th, annual Base Rent and Estimated Expenses, without notice, demand, abatement, offset or deduction except as otherwise expressly provided herein, in advance, on the first day of each calendar month, in accordance with the terms of this Lease. All other items of Rent shall be due and payable by Tenant on or before 30 days after billing by Landlord. All Rent shall be made by Tenant payable to the entity and sent to the address Landlord designates and shall be made by good and sufficient check payable in United States of America currency or by other means acceptable to Landlord or by Electronic Fund Transfer of immediately available federal funds. Base Rent, Real Property Taxes and Operating Expenses shall be appropriately prorated on a per diem basis for any partial month during the Term. The obligation of Tenant to pay Base Rent and other sums to Landlord and the obligations of Landlord under this Lease are independent obligations, except as otherwise expressly provided herein. If this Lease or Tenant's right to possess the Premises is terminated on account of a monetary Event of Default by Tenant or material non-monetary Event of Default by Tenant, then (in addition to all other rights and remedies available to Landlord) Landlord shall be entitled to recover from Tenant that amount that is equal to the product of the sum of all abated Base Rent, Real Property Taxes and Operating Expenses multiplied by a fraction, the numerator of which is the difference between 162 and the number of months in the Term that Tenant has paid monthly installments of Base Rent, Real Property Taxes and Operating Expenses, in full, to Landlord and the denominator of which is 162; provided, however, to the extent Landlord otherwise recovers Rent hereunder it shall not recover any such amount. Landlord's management fee shall not be reduced on account of any abatement in Base Rent, Real Property Taxes and Operating Expenses, and any such abatement shall be disregarded for purposes of calculating any management fee based on a percentage of rental revenues. If Tenant is delinquent in the payment of any Rent for more than 5 days, then Tenant shall pay to Landlord on demand a late charge equal to 3% of such delinquent sum (provided that such charge shall not be due with respect to the first three late payments in any 12 consecutive month period, unless Landlord fails to receive such late payment within 5 days after Tenant's receipt of written notice from Landlord that such payment has not been received) and such delinquent sum shall also bear interest from the date such amount was due until paid in full at the Applicable Interest Rate. Tenant shall pay Landlord on demand for any cost incurred by Landlord and charged by its bank in connection with any check presented by Tenant which is not paid by the bank due to insufficient funds.

5. **SECURITY DEPOSIT**.

5.1 Tenant shall post the Security Deposit with Landlord in the form of an unconditional, irrevocable, stand-by documentary letter of credit ("**Letter of Credit**"), as security for the full and faithful performance of each provision of this Lease to be performed by Tenant, and Tenant shall be required to maintain the Letter of Credit with Landlord, during the entire Term and any extended Term of this Lease. Notwithstanding anything to the contrary in this Lease, the Security Deposit shall be posted with the Landlord as follows: (i) cash in the sum of $200,000.00 upon the full execution and delivery of this Lease (the "**Initial Security Deposit**"), and (ii) a Letter of Credit in the full amount of the Security Deposit within 10 business days following Tenant's receipt of the Contingency Notice. Within 10 business days following Landlord's receipt of such Letter of Credit, Landlord shall return the Initial Security Deposit to Tenant. The Security Deposit is not an advance rental deposit or a measure of Landlord's damages in the case of an Event of Default by Tenant. The Letter of Credit shall be in substantially the form attached hereto as **Exhibit L**, which form is hereby approved by Landlord, and shall be issued by Silicon Valley Bank or a United States commercial bank with a Moody's rating of A2 or above. The Letter of Credit must be presentable and payable at the counters of such bank and by facsimile presentation. The Letter of Credit shall specifically provide that Landlord is entitled to make partial draws thereon and shall impose no condition upon the beneficiary's rights to draw funds under it, other than a written statement by the beneficiary that such sums are due and owing to Landlord under the Lease or similar. The beneficiary of the Letter of Credit shall be Landlord, and the Letter of Credit shall be transferable by Landlord to any person or entity succeeding to Landlord's ownership of the Premises at Landlord's cost. The Letter of Credit shall provide for an initial term of at least one year and shall provide that it renews automatically for additional one year terms successively unless the issuer delivers to Landlord at least 60 days' advance notice of non-renewal by certified mail, return receipt requested, or overnight courier. Failure of Tenant to provide Landlord with a replacement letter of credit satisfactory to Landlord at least 30 days prior to the expiration of the letter of credit, in the event the issuer delivers to Landlord the notice of non- renewal set forth in the foregoing sentence, shall be deemed an Event of Default under the terms of this Lease which shall not require the giving of notice or the allowance of any grace period, and shall entitle Landlord to immediately draw funds under the Letter of Credit; provided, however, that Landlord shall not have the right to avail itself of any remedies with respect to such Event of Default unless funds under the Letter of Credit are not available to be drawn. In the event Landlord receives such funds under the Letter of Credit from the issuing bank in accordance with the terms of the foregoing sentence: (A) such Event of Default shall be deemed to be cured and Landlord shall hold and apply the funds so drawn, without interest, and only in accordance with the provisions of this Section as if cash in such amount had been posted by Tenant in lieu of the Letter of Credit; and (B) Tenant shall have the right to substitute a new Letter of Credit meeting the foregoing requirements, in which event Landlord will return the funds received from the issuing bank to Tenant within 30 days after receipt of such new Letter of Credit.

5.2 If Tenant breaches any provision hereof, Landlord may, at its option, without limiting its remedies and without notice to Tenant, draw all sums which are necessary to cure such breach and compensate Landlord for any loss or damage caused by such breach to the extent Landlord is permitted to recover same pursuant to this Lease. If Landlord uses all or any portion of the Security Deposit as herein provided, then, on demand, Tenant shall, at Tenant's option, either (i) pay Landlord cash in an amount equal to that portion of the Security Deposit used by Landlord, or (ii) amend the letter of credit to increase the amount thereof by the amount used by Landlord or provide Landlord with an additional letter of credit in the amount used by Landlord. If at any time during the Term or any extended Term of this Lease the Security Deposit is then being held in cash, Tenant shall not be entitled to any interest on the Security Deposit and Landlord shall have the right to commingle the Security Deposit with its other funds. If Tenant complies fully and faithfully with all of the provisions of this Lease, the Security Deposit and/or the Letter of Credit shall be returned to Tenant within thirty (30) days after the Expiration Date and surrender of the Premises to Landlord. Landlord shall be released from any obligation with respect to the Security Deposit

upon transfer of this Lease and the Premises to a person or entity assuming Landlord's obligations under this Lease.

5.3 Provided that there then exists no Event of Default by Tenant under this Lease, nor any event that with the giving of notice and/or the passage of time would constitute an Event of Default, the amount of the Security Deposit (if the Security Deposit is then held in cash) or the Letter of Credit (if the Security Deposit is maintained as a letter of credit) shall be reduced to (i) $3,234,960.00 after Tenant's payment of the installment of Base Rent due in the 18th full calendar month of the Term (but in no event shall Tenant make such payment more than 30 days in advance of the due date), (ii) $2,587,968.00 after Tenant's payment of the installment of Base Rent due in the 30th full calendar month of the Term (but in no event shall Tenant make such payment more than 30 days in advance of the due date), (iii) $2,070,374.40 after Tenant's payment of the installment of Base Rent due in the 42nd full calendar month of the Term (but in no event shall Tenant make such payment more than 30 days in advance of the due date), (iv) $1,656,299.52 after Tenant's payment of the installment of Base Rent due in the 54th full calendar month of the Term (but in no event shall Tenant make such payment more than 30 days in advance of the due date), (v) $1,325,039.62 after Tenant's payment of the installment of Base Rent due in the 66th full calendar month of the Term (but in no event shall Tenant make such payment more than 30 days in advance of the due date), (vi) $1,060,031.69 after Tenant's payment of the installment of Base Rent due in the 78th full calendar month of the Term (but in no event shall Tenant make such payment more than 30 days in advance of the due date), (vii) $848,025.35 after Tenant's payment of the installment of Base Rent due in the 90th full calendar month of the Term (but in no event shall Tenant make such payment more than 30 days in advance of the due date), (viii) $678,420.28 after Tenant's payment of the installment of Base Rent due in the 102nd full calendar month of the Term (but in no event shall Tenant make such payment more than 30 days in advance of the due date), (ix) $542,736.23 after Tenant's payment of the installment of Base Rent due in the 114th full calendar month of the Term (but in no event shall Tenant make such payment more than 30 days in advance of the due date), (x) $471,225.84 after Tenant's payment of the installment of Base Rent due in the 126th full calendar month of the Term (but in no event shall Tenant make such payment more than 30 days in advance of the due date), and shall remain at $471,225.84 for the balance of the Term and any extended Term of this Lease. In the event that any such reduction in the amount of the Security Deposit shall apply, Landlord will refund the appropriate amount of the Security Deposit to Tenant (if the Security Deposit is then held in cash) or accept an endorsement or reasonably cooperate with Tenant to amend the Letter of Credit, in either case reducing the amount of the Letter of Credit to the appropriate amount (if the Security Deposit is maintained as a letter of credit).

6. **UTILITIES; SERVICES**. Tenant shall pay for water, gas, electricity, sewer, trash collection and removal, janitorial supplies and services, telecommunications, data and any other utilities or services used on or provided to the Building and/or the Exterior Areas. Tenant shall obtain all utilities and services in Tenant's own name and timely pay for the costs therefor directly to the respective utility and/or service provider. Notwithstanding the foregoing, if a utility cannot be obtained in Tenant's own name (e.g., because the utility (such as water or sewer) must be in the name of the owner of the Building), then Landlord shall retain any such utility in Landlord's own name, in which event Tenant (at Landlord's option) shall either pay for the costs therefor (i) directly to Landlord (outside of Operating Expenses), as Additional Rent, within 30 days after being billed, or (ii) through Operating Expenses. The cost of any utility or service supplied to the Exterior Areas shall be included in Operating Expenses to the extent permitted under this Lease. All utility and service costs shall include any taxes or other customary charges imposed in connection therewith by the utility or service provider, supplier or governmental authority having jurisdiction. Landlord shall not be responsible or liable for any interruption in utilities or services, or for any injury to property caused thereby, nor shall such interruption affect the continuation or validity of this Lease, give rise to an abatement or relieve Tenant from full performance of Tenant's obligations under this Lease, except pursuant to Applicable Laws. Notwithstanding the foregoing, except for events related to Force Majeure, in the event that any utility is not delivered for a period in excess of 3 consecutive business

days, and as a result of such circumstance any portion of the Premises is rendered untenantable (including inability to access the Premises or the Building), Rent shall abate for the duration of such circumstance until the Premises is again tenantable or Tenant conducts business in the Premises or the affected portion thereof, as applicable. Notwithstanding the foregoing, subject to Section 16 below, and except for events related to the acts or omissions of Tenant and/or any Tenant Party, in the event that any utility is not delivered for a period in excess of 180 consecutive days, and as a result of such circumstance 20% or more of the Premises are rendered untenantable, then Tenant, at any time thereafter prior to the date the Premises or the affected portion thereof, as applicable, is again tenantable or Tenant conducts business in the Premises or the affected portion thereof, as applicable, shall have the right to terminate this Lease by giving Landlord prior written notice thereof, in which event this Lease shall automatically terminate and the parties shall be released from any further obligations or liabilities under this Lease, except for such obligations or liabilities set forth herein that expressly survive the termination of this Lease. In the event that any utility is not being delivered to the Premises and as a result of such circumstance any portion of the Premises is rendered untenantable (including inability to access the Premises or the Building), Landlord shall use commercially reasonable efforts, under the circumstances, to cause the interrupted utility to the Premises to be restored as soon as reasonably practicable. Landlord shall have the exclusive right to select, and, upon 30 days prior written notice to Tenant, to change, the companies providing such utilities or services to the Building or the Premises; provided, however, that (i) the rates for such utilities or services are commercially reasonable, (ii) such change is without unreasonable diminution in quantity or quality of services, and (iii) Tenant may select its own telecommunication and data services provider (provided, however, that if such telecommunication and/or data services provider is not then serving the Building, then Tenant, at its sole cost and expense, is responsible for bringing connectivity of any such provider to the Building and the Premises in compliance with Section 13 of this Lease).

7. **TAXES**. "**Real Property Taxes**" shall mean all taxes (including real estate taxes, sales taxes and gross receipt taxes), assessments, liens, license and permit fees, together with the reasonable cost of contesting any of the foregoing, which are applicable to the Term, and which are imposed by any authority or under any Law, or pursuant to any recorded covenants or agreements, upon or with respect to the Property, or directly upon this Lease or the Rent or upon amounts payable by any subtenants or other occupants of the Premises, or against Landlord because of Landlord's estate or interest in the Property. Prior to delinquency, Tenant shall pay (and, upon request, provide Landlord with evidence of payment thereof of) all taxes and assessments, together with any interest, charges, fees and penalties in connection therewith, levied upon or arising from (a) Tenant's Property, (b) the conduct of Tenant's business, or (c) Tenant's leasehold estate. Notwithstanding the foregoing, Real Property Taxes shall not include: (i) federal, state, or local income taxes, franchise, gift, transfer, estate, inheritance, succession, inheritance, excise, gross receipts, excess profits or corporate capital stock tax imposed or assessed upon Landlord, unless such tax or any similar tax is levied or assessed in lieu of all or any part of any taxes includable in Operating Expenses below; and (ii) any interest or penalties due for late payment by Landlord of Real Property Taxes. In the event Tenant desires Landlord to contest any increase in real estate taxes or assessments pertaining to the Premises, Tenant shall advise Landlord in writing and Landlord shall review such request (and the merits and likelihood of success of contesting such increase) and make a good faith determination in its commercially reasonable discretion as to whether or not to contest same. In the event Landlord elects not to contest any such increase in real estate taxes or assessments, Tenant, at Tenant's sole cost and expense but with Landlord's reasonable cooperation, shall have the right, upon prior written notice to Landlord, to contest any such increase in real estate taxes or assessments, in good faith and in compliance with all Laws, provided that such contest by Tenant does not subject Landlord or the Premises to any fines, penalties, liens and/or liability. Tenant shall continue, during the pendency of any such contest by Tenant, to pay the tax or assessment due pursuant to this Lease.

8. **OPERATING EXPENSES**.

8.1 "**Operating Expenses**" means the total costs and expenses incurred, or sums paid, by Landlord in the ownership, operation, Maintenance and management of the Building, the Property and/or the Project, including, but not limited to: (1) the costs of any utilities provided by Landlord pursuant to Section 6 of this Lease; (2) Landlord's cost to Maintain the Property and/or the Project as set forth in Sections 1.12 and 12.2; (3) the costs relating to the insurance maintained by Landlord as described in Section 11.1 below, including, without limitation, Landlord's cost of any deductible or self-insurance retention; (4) the annual amortization (over their estimated economic useful life) of the costs of improvements or replacements that would be classified as a capital expenditure under generally accepted accounting principles consistently applied and are (a) required by any Applicable Laws enacted or first effective after the Commencement Date, or (b) made for the purpose of reducing Operating Expenses but not in excess of the actual savings of Operating Expenses resulting therefrom (and such reduction shall not benefit any particular tenant more than Tenant), provided that Tenant's obligation to pay for such capital improvement or replacement shall be calculated based on the portion of such amortized costs that is applicable to the remaining Term or any extended Term of this Lease (collectively, "**Permitted Capital Items**"); (5) assessments, association fees and all other costs assessed or charged under the CC&Rs, if any, that are attributable to the Land, the Building and/or the Project in connection with any property owners or maintenance association or operator; (6) the costs of maintaining and/or improving the energy efficiency or sustainability of the Building; (7) a management fee, which is equal to 5% of gross receipts from leases at the Building and/or the Project, for the management of this Lease, the Premises, the Building, the Land and/or the Project including the cost of those services which are customarily performed by a property management services company, whether performed by Landlord or by an affiliate of Landlord or through an outside management company or any combination of the foregoing (the "**Permitted Management Fee**"); and (8) a property service fee, which covers employees of and vehicles utilized by Landlord providing repair, maintenance and related services to the Building, the Property or the Project, and equipment, tools and materials used in connection with and other costs related to such services. Operating Expenses shall not include the costs and items described on **Exhibit O** attached hereto If the Project is less than fully occupied during any calendar year, then the components of Operating Expenses that vary based upon occupancy as reasonably determined by Landlord shall be calculated as if the Project had been fully occupied for the full calendar year. Landlord's books and records relating to Operating Expenses shall be kept in accordance with generally accepted accounting principles (US GAAP) consistently applied on a calendar year basis.

8.2 Tenant's Share of the Controllable Operating Expenses (as defined below) for the first Cap Year shall not exceed 104% of the Controllable Operating Expenses for the Base Year (as defined below). Commencing in the second Cap Year and in any Cap Year thereafter, Tenant's Share of Controllable Operating Expenses shall not exceed 104% of the amount of the cap on Controllable Operating Expenses for the immediately preceding Cap Year on a non-compounding and non-cumulative basis over the course of the Term. For purposes hereof: (i) "**Base Year**" means the first full 12 months after the month in which the expiration of the builders standard one year warranty (with respect to the construction of Landlord Work) occurs; (ii) "**Cap Year**" means the period from the first day of the first calendar year after the Base Year through the succeeding 12 full calendar months and each successive calendar year thereafter during the Term; and (iii) "**Controllable Operating Expenses**" are defined herein to include all Operating Expenses, except for taxes, insurance, utilities, snow removal, waste removal and/or dumpster costs, the annual charge-off of any Permitted Capital Items, and labor costs tied to union labor rates.

9. **ADJUSTMENT; RECONCILIATION**. On or before December 31st of each calendar year (unless this Lease shall expire or terminate at the expiration of such calendar year), Landlord shall endeavor to provide Tenant with written notice ("**Estimated Expenses Notice**") of the Estimated Expenses due and payable by Tenant under this Lease for the following calendar year (subject to the availability of information reasonably necessary to prepare such estimate). If Landlord does not so provide Tenant with the Estimated Expenses Notice on or before December 31st (unless this Lease shall expire or terminate at the expiration

of such calendar year), then Tenant shall continue to pay the Estimated Expenses then in effect until such time as Landlord provides Tenant with the Estimated Expenses Notice. Upon any delivery of the Estimated Expenses Notice to Tenant after January 1st, Landlord or Tenant shall promptly pay to the other the amount of any overpayment or deficiency then due from one to the other, or at Landlord's option, Landlord may credit Tenant's account for any overpayment. Landlord may adjust the amount of Estimated Expenses from time to time if same increase or decrease; Landlord may also invoice Tenant separately from time to time for any extraordinary or unanticipated Estimated Expenses. As soon as practical following the end of each calendar year (and as soon as practical after the expiration or termination of this Lease or, at Landlord's option, after a sale of the Property) but not later than 120 days thereafter, Landlord shall provide Tenant with a statement of Tenant's Share of the actual Real Property Taxes and Operating Expenses for the preceding calendar year or part thereof. Within 30 days after delivery of such statement to Tenant, Landlord or Tenant shall pay to the other the amount of any overpayment or deficiency then due from one to the other or, at Landlord's option, Landlord may credit Tenant's account for any overpayment. If an Event of Default by Tenant occurs, then Landlord may, but shall not be required to, pay or credit any overpayment to Tenant, but shall apply such overpayment to amounts owed or to be owed by Tenant under this Lease. If Tenant does not give Landlord notice within 120 days after receiving Landlord's statement (or the final determination by the taxing authorities of Real Property Taxes for a given year) that Tenant disagrees with the statement and specifying the items and amounts in dispute, then Tenant shall be deemed to have waived the right to contest the statement. During such 120 day period, Tenant shall be entitled, during regular business hours, after giving to Landlord at least 14 days prior written notice, to (i) have Tenant's employees inspect in Landlord's business office all Landlord's records necessary to satisfy itself that all charges set forth in the statement have been correctly allocated to Tenant, and (ii) obtain an audit ("**Audit**") thereof on a non-contingent fee basis by a nationally or regionally recognized independent certified public accountant ("**CPA Firm**") to determine the accuracy of Landlord's certification of the amount of Tenant's Share of the actual Real Property Taxes and Operating Expenses charged to Tenant for the preceding calendar year. Notwithstanding the foregoing, Tenant may not utilize a third party examiner who (a) is representing, or has within the last 2 years prior to Tenant's request represented, any other tenant at the Project in connection with an audit of Operating Expenses (provided that this subsection (a) shall not apply to a CPA Firm), or (b) does not have at least 5 years' experience auditing or reviewing operating expense accounting. If it is determined by the Audit of the CPA Firm (the results of which shall be provided to Landlord in writing during such 120 day period) that Tenant's liability is less than 95% of that amount which Landlord previously certified to Tenant in such statement, Landlord shall pay to Tenant the reasonable cost of such Audit (not to exceed $5,000.00 for any such Audit) and regardless of such percentage shall refund promptly to Tenant the amount paid by Tenant which exceeds the amount for which Tenant actually is liable, as determined following such Audit. Except as set forth above, Tenant shall bear the total cost of any such audit. Landlord's and Tenant's obligation to pay any overpayment or deficiency due the other pursuant to this Section shall survive the expiration or termination of this Lease. As a condition to performing any such Audit, Tenant and its examiner(s) shall be required to execute and deliver to Landlord an agreement, in commercially reasonable form, agreeing to keep confidential any information which it discovers about Landlord or the Building or Project in connection with such examination, subject to customary commercially reasonable carveouts.

10. **INDEMNITY AND WAIVER OF CLAIMS**.

10.1 **Indemnity**. Tenant shall indemnify, protect, defend (by counsel reasonably acceptable to Landlord) and hold harmless Landlord and the Indemnitees from and against any and all claims, judgments, causes of action, damages, obligations, penalties, fines, taxes, costs, liens, liabilities, losses, charges and expenses, including without limitation all reasonable attorneys' fees and other professional fees (collectively referred to as "**Losses**") which may be imposed upon, incurred by or asserted against Landlord or any of the Indemnitees at any time prior to, during or after the Term by any third party and arising out of or in connection with any damages or injury occurring in the Premises during the Term, Tenant's

occupancy or use of the Premises, any acts or omissions of Tenant or any Tenant Party before, during or after the Term, or the conduct of Tenant's business, except to the extent caused by Landlord's negligence or willful misconduct or that of the Indemnitees. Landlord shall indemnify, protect, defend (by counsel reasonably acceptable to Tenant) and hold harmless Tenant, and Tenant's affiliated entities, and each of their respective trustees, members, managers, principals, beneficiaries, partners, directors, officers, employees, shareholders, agents, contractors, representatives, successors and assigns (individually and collectively, "**Tenant Indemnitees**") from and against any and all Losses which may be imposed upon, incurred by or asserted against Tenant or any of the Tenant Indemnitees at any time prior to, during or after the Term by any third party and arising out of or in connection with the negligence or willful misconduct of Landlord or any Indemnitees, except to the extent caused by the negligence or willful misconduct of Tenant or any Tenant Indemnitee. The obligations of Tenant and Landlord under this Section 10.1 shall survive the expiration or earlier termination of this Lease.

10.2 **Waiver of Claims**. Tenant, as a material part of the consideration to Landlord, hereby assumes all loss due to business interruption and all risk of illness or injury to persons in, upon or about the Premises, the Property and/or the Project arising from any cause and all risk of damage to property including, but not limited to, Tenant's Property and all Alterations, except as otherwise provided in this Lease and except to the extent caused by the gross negligence or willful misconduct of Landlord or the Indemnitees, and Tenant hereby expressly releases Landlord and the Indemnities and waives all claims in respect thereof against Landlord and the Indemnitees.

11. **INSURANCE**.

11.1 **Landlord**. Landlord shall maintain insurance policies insuring the Building against fire and extended coverage (including, if Landlord elects, "special cause of loss form" coverage, earthquake/volcanic action, flood and/or surface water insurance) for the full replacement cost of the Building (including coverage of any Alteration made by Landlord, but excluding coverage of Tenant's Property and any Alterations made by Tenant or a Tenant Party), with deductibles in the form and endorsements of such coverage as selected by Landlord, together with business interruption insurance against loss of Rent in an amount equal to the amount of Rent for a period of at least 12 months commencing on the date of loss. Landlord may also carry such other insurance as Landlord may deem prudent or advisable, including, without limitation, liability insurance in such amounts and on such terms as Landlord shall determine. The Building may be included in a blanket policy or captive insurance program.

11.2 **Tenant**. Tenant shall, at Tenant's sole expense, obtain and keep in force at all times the following insurance (and any other commercially reasonable form(s) of insurance Landlord may reasonably require from time to time) in the following coverage amounts, which coverage amounts Landlord may reasonably increase from time to time upon reasonable advance written notice to Tenant in the event Tenant's operations change or Landlord otherwise reasonably determines that such coverage amounts are inadequate under the circumstances:

11.2.1 Commercial General Liability Insurance (Occurrence Form). A policy of commercial general liability insurance ("**CGL Policy**") (occurrence form) having a combined single limit of not less than $1,000,000.00 per occurrence and $2,000,000.00 aggregate per location (if Tenant has multiple locations), providing coverage for defense costs outside of the policy limits and including coverage for, among other things, bodily injury, personal injury, property damages arising out of Tenant's operating and contractual liabilities, including coverage formerly known as broad form, blanket contractual liability for both oral and written contracts, premises and operations, products/completed operations, owners and contractors protective, personal and advertising injury, and with an "Additional Insured-Managers or Lessors of Premises Endorsement" and containing the "Amendment of the Pollution Exclusion Endorsement" for damage caused by heat, smoke or fumes from a hostile fire. The CGL Policy shall (a)

delete the exclusion for operations within 50 feet of a railroad track (railroad protective liability), if applicable, and if applicable, and, if necessary, Tenant shall provide for restoration of the aggregate limit, and (b) not contain any intra-insured exclusions as between insured persons or organizations, but shall include coverage for liability assumed under this Lease as an "insured contract" for the performance of Tenant's indemnity obligations under this Lease;

11.2.2 Automobile Liability Insurance. Business automobile liability insurance having a combined single limit of not less than $1,000,000.00 per occurrence and insuring Tenant against liability for claims arising out of ownership, maintenance, or use of any owned, hired or non-owned automobiles;

11.2.3 Workers' Compensation and Employer's Liability Insurance. Workers' compensation insurance having limits not less than those required by applicable state and federal statute, and covering all persons employed by Tenant, including volunteers, in the conduct of its operations on the Premises, together with employer's liability insurance coverage in the amount of at least $1,000,000.00;

11.2.4 Property Insurance. "All risk" or "special cause of loss form" property insurance including coverage for vandalism, malicious mischief, sprinkler leakage and, if applicable, boiler and machinery comprehensive form, on a replacement cost basis, insuring (a) all Tenant's Property, and (b) all Alterations made by Tenant or a Tenant Party), in each case, in an amount equal to the then applicable full replacement cost thereof. In the event property of Tenant's invitees or customers are kept in the Premises or Project, Tenant shall maintain warehouser's legal liability or bailee customers insurance for the full value of the property of such invitees or customers as determined by the warehouse contract between Tenant and its customer;

11.2.5 Business Interruption. Loss of income and extra expense insurance in amounts as will reimburse Tenant for direct or indirect loss of earnings for a period of not less than 12 months, attributable to all perils included in the "all risk" or "special cause of loss form" property insurance policy required in Section 11.2.4 above or attributable to prevention of access to the Premises as a result of such perils;

11.2.6 Environmental Insurance. If Tenant handles, stores or utilizes Hazardous Materials in its business operations, Pollution Legal Liability Insurance and/or Environmental Impairment Insurance covering claims for damage or injury caused by hazardous materials, with limits of liability reasonably determined by Landlord; and

11.2.7 Umbrella/Excess Insurance. An umbrella liability policy or excess liability policy having a limit of not less than $3,000,000.00, which policy shall be in "following form" and shall provide that if the underlying aggregate is exhausted, the excess coverage will drop down as primary insurance. Such umbrella liability policy or excess liability policy shall include coverage for additional insureds.

11.2.8 General. The insurer shall be authorized to do business in the state in which the Premises is located and be rated at least "A VIII" (or higher if required by a Mortgagee) as determined by A.M. Best Company. Tenant shall deliver to Landlord certificates of insurance for all insurance required to be maintained by Tenant in the form of ACORD 28 and ACORD 25-S (or in a form acceptable to Landlord in its reasonable discretion), on or before the Commencement Date or any earlier date on which Tenant or any Tenant Party accesses the Premises and, at least 10 days prior to the expiration of any required coverage. If Tenant shall fail, refuse or neglect to maintain any insurance that Tenant is required to provide hereunder, or to furnish Landlord with satisfactory evidence of coverage within the time required, then, in addition to other remedies available to Tenant, Landlord may immediately obtain such insurance and the cost thereof shall be payable by Tenant to Landlord upon demand, as Additional Rent, or at Landlord's sole option, Landlord may impose on Tenant, as Additional Rent, a monthly delinquency fee, for each month

during which Tenant fails to comply with the foregoing obligation, in an amount equal to 5% of the Base Rent then in effect. If Tenant does anything or fails to do anything which increases the cost of Landlord's insurance or prevents Landlord from procuring policies from companies and in form satisfactory to Landlord, then Tenant shall pay the amount of such increase as Additional Rent within 30 days after being billed therefor. Landlord, Landlord's Mortgagee, if any, and any other party designated by Landlord, as their interests may appear, shall be named as additional insureds ("**Additional Insureds**") under Insurance Services Office endorsement CG 20 10 04 13 or equivalent under all of the policies required by Sections 11.2.1, 11.2.2, 11.2.6 and 11.2.7, which (a) endorsement shall be included with Tenant's certificates of insurance, and (b) policies shall provide for severability of interest and shall be primary as respects the Additional Insureds, and any insurance maintained by the Additional Insureds shall be excess and non-contributing. The limits and types of insurance maintained by Tenant shall not limit Tenant's liability under this Lease. Tenant shall notify Landlord within 24 hours after the occurrence of any accidents or incidents in the Premises, the Property or the Project which could give rise to a claim under any of the insurance policies required under this Section 11. Tenant shall not be permitted to satisfy any of its insurance obligations set forth in this Lease with deductible amounts, or through any self-insurance or self-insured retention, in excess of $25,000.00.

11.3 **Mutual Waiver of Subrogation**. Each party waives, and shall cause its insurance carrier to waive, any right of recovery against the other for any loss of or damage to property which loss or damage is (or, if the insurance required hereunder had been carried, would have been) covered under the terms of any property, general liability or other policy of insurance, to the extent such releases or waivers are permitted under applicable law; provided, however, such waiver by Landlord shall not be effective with respect to Tenant's liability described in Section 15 below. The failure of a party to insure its property shall not void this waiver. For purposes of this Section 11.3 (but subject to the terms of Section 12.1 below), any deductible with respect to a party's insurance shall be deemed covered by, and recoverable by such party under, valid and collectible policies of insurance.

12. REPAIRS AND MAINTENANCE.

12.1 **Tenant Obligations**. Tenant, at Tenant's sole cost and expense, shall (a) subject to Landlord's obligations set forth in this Lease, keep the Premises in a neat and orderly condition, and (b) Maintain all telephone, telecommunications, data and other communication lines and equipment and vivarium spaces within the Premises and Tenant shall have the option to Maintain those areas of the Building that are Landlord's responsibility pursuant to Section 12.2 below (except for the Building footings, foundations, structural steel columns and girders and the Building roof and exterior walls), upon 30 days' prior written notice to Landlord. Notwithstanding the foregoing, in the event Tenant thereafter fails to Maintain those areas of the Building that Tenant elected to Maintain in accordance with the aforesaid sentence to Landlord's reasonable satisfaction, Landlord may elect to Maintain such areas again pursuant to Section 12.2 below. In addition to the foregoing, Tenant, at its sole cost, shall be responsible for the following: security; janitorial; trash and recyclables collection services (including dumpsters). Tenant Maintenance work shall be subject to the applicable provisions of Section 13.1 of this Lease. Tenant, at Tenant's option upon written notice to Landlord and then at Tenant's sole cost, shall enter into a regularly scheduled preventive maintenance/service contract ("**Service Contract**") with a maintenance contractor reasonably acceptable to Landlord for servicing (a) all heating ventilation, and air conditioning systems and equipment inside or serving the Building (collectively, the "**HVAC System**") in compliance with **Exhibit E** attached hereto, and (b) all dock equipment serving the Building. If Tenant elects to maintain the Service Contract, Tenant shall deliver full and complete copies of the Service Contract to Landlord at the commencement of each Lease Year and upon demand from Landlord. All Maintenance by Tenant shall utilize materials and equipment which meet or exceed the quality of those originally used in constructing the Building and Premises. In the event Tenant fails, in the reasonable judgment of Landlord, to Maintain the Building in accordance with this Lease, which failure continues at the end of 15 days following Tenant's

receipt of written notice from Landlord stating the nature of the failure, or in the case of an emergency immediately without prior notice, Landlord shall have the right to enter the Building and perform such Maintenance at Tenant's sole cost and expense (including a sum for overhead to Landlord equal to 10% of the costs of maintenance, repairs or refurbishing). Notwithstanding anything contained in this Lease to the contrary, Tenant shall be solely responsible for all costs and expenses incurred by Landlord for any Alterations, or other Maintenance made necessary because of the negligence or willful misconduct of Tenant or any Tenant Party, Tenant Alterations, Tenant's special or particular use of the Building and Tenant voiding a warranty that would otherwise have covered a cost, in each case, to the extent not covered by applicable insurance proceeds paid to Landlord (Tenant being responsible for Landlord's commercially reasonable deductible notwithstanding the waiver of claims set forth in Section 11.3).

12.2 **Landlord Obligations**. Landlord, in accordance with first-class standards of other similar buildings in the Wilmington, Delaware market area, shall: (a) at Landlord's sole expense, without reimbursement from Tenant, Maintain the Building footings, foundations, structural steel columns and girders; and (b) as an Operating Expense, Maintain (i) the Building roof and exterior walls (including, without limitation, exterior façade painting and caulk repair); (ii) the base Building life safety systems (including, but not limited to, fire sprinkler systems, fire pumps and fire alarm panels and devices); (iii) the main utility lines to the point of connection into the Building (e.g., main electricity and water/sewer service to the Building); (iv) the irrigation systems, storm water facilities and detention ponds; (v) the Exterior Areas (including, without limitation, exterior landscaping, asphalt/concrete, sidewalks, parking areas, loading areas, driveways and any fencing on the Property); and (vi) all other portions of the Premises, including without limitation the Building Systems (including, without limitation, exterior lighting and supplemental life safety systems relating to Tenant's use of the Premises, specialty sprinkler systems and fire suppression systems, the floor/concrete slab, subfloors and floor coverings, all interior and exterior doors and windows, all dock equipment (including dock doors, levelers, bumpers, dock shelters, ramps and dock lights), and the demarcation point or any other point of utility hook up or connection, in each case except as expressly set forth in Section 13.1 above as Tenant's responsibility. In addition to the foregoing, Landlord, as Operating Expenses to the extent permitted under this Lease, shall be responsible for the following: maintaining the Service Contract; interior pest control; interior window cleaning; elevators; office/warehouse lighting (including all bulbs and ballasts); ceiling tiles; snow and ice removal; exterior pest control; exterior window cleaning; exterior stair systems; and sanitary lift stations. Notwithstanding the foregoing, Landlord shall not be required to make any repairs resulting from fire or other casualty or a Taking, except as provided in Sections 16 or 17 below. Landlord may change the shape and size of the Exterior Areas, including the addition of, elimination of or change to any improvements located in the Exterior Areas, so long as such change does not materially adversely affect Tenant's ability to use the Premises for the Permitted Use. Tenant shall immediately notify Landlord in writing if Tenant becomes aware of (a) any areas of water intrusion or mold in or about the Premises, or (b) any condition that is Landlord's responsibility to Maintain.

13. **ALTERATIONS; LIENS**.

13.1 **Alterations**. Tenant, at its sole cost, may install necessary trade fixtures, equipment and furniture in the Premises (it being agreed that such installation shall not be deemed an Alteration), provided that the installation and removal of them will not adversely affect any structural portion of the Property, any Building System or any other equipment or facilities serving the Building. Except for any Alterations or Tenant Maintenance work that, in either instance, (a) does not exceed $50,000.00 in any one instance, (b) does not require a building permit or other similar instrument issued by the applicable governmental authority having jurisdiction, and (c) does not affect any Building System or any structural components of the Building, Tenant shall not construct, nor allow to be constructed, any Alterations or Tenant Maintenance work in the Premises or on the Property or the Project without obtaining the prior written consent of Landlord, which consent shall not be unreasonably withheld, conditioned or delayed. With respect to any

Alterations or Tenant Maintenance work made by or on behalf of Tenant (whether or not it requires Landlord's consent): (a) not less than 10 days prior to commencing any Alteration or Tenant Maintenance work, Tenant shall deliver to Landlord the plans, specifications and necessary permits for the Alteration or Tenant Maintenance work; (b) Tenant shall obtain Landlord's prior written approval of any contractor or subcontractor, not to be unreasonably withheld, conditioned or delayed; (c) the Alteration or Tenant Maintenance work shall be constructed with new materials, in a good and workmanlike manner, and in compliance with all Applicable Laws and the plans and specifications delivered to and, if required hereunder, approved by Landlord; (d) the Alteration or Tenant Maintenance work shall be completed promptly after the commencement thereof; and (e) Tenant shall pay Landlord all reasonable and actual out of pocket costs and expenses in connection with Landlord's review of Tenant's plans and specifications that affects any structural portion of the Property or any Building System; and (f) if the cost of the Alteration or Tenant Maintenance work exceeds $500,000.00 (excluding the cost of any equipment being installed as a part thereof), then upon Landlord's request (which request shall take into consideration Tenant's then tangible net worth), in the exercise of Landlord's reasonable discretion, Tenant shall, prior to commencing any Alteration or Tenant Maintenance work, provide Landlord reasonable security against liens arising out of such construction. Upon completion, Tenant shall furnish Landlord with (i) "as-built" plans (in CAD format, if requested by Landlord) for Alterations (at Landlord's expense), completion affidavits and full and final waivers of lien, and (ii) the warranties from Tenant's contractor(s), which shall be for the benefit of Landlord as well as Tenant. Any Alteration by Tenant shall be the property of Tenant until the expiration or earlier termination of this Lease and Tenant shall have the right, but not the obligation to remove same at such time unless if, with respect to any specialty Alteration only, such removal is directed by Landlord at the time of its consent to an Alteration (which shall not be unreasonably required) in which case, Tenant, at its sole cost, shall remove any such specialty Alteration(s) and repair all damage caused by the installation or removal thereof.

13.2 **Liens**. Tenant, at its sole cost, shall promptly pay and discharge all claims for labor performed, supplies furnished and services rendered at the request of Tenant and shall keep the Premises free of all mechanics' and materialmen's liens in connection therewith. Tenant, at its sole cost, shall remove any such lien within 45 days after notice from Landlord, and if Tenant fails to do so, an Event of Default by Tenant shall have occurred, and thereafter, Landlord, without limiting its remedies, may bond, insure over or otherwise pay the amount necessary to cause such removal, whether or not such lien is valid. The amount so paid, together with reasonable attorneys' fees and expenses, shall be reimbursed by Tenant upon demand accompanied by reasonable backup documentation.

13.3 Tenant shall have the right, at Tenant's sole cost and expense, to purchase, use, install and Maintain a controlled access system to the Premises (including within the office space, in the base Building stairwells connecting Tenant's floors, Building lobby [key card system and/or turnstiles] and elevator cabs), without consent by Landlord provided that Tenant complies with Sections 12 and 13 of this Lease. If Tenant elects to install its own controlled access system, Landlord shall ensure that the Building's system will integrate with Tenant's systems such that they will work off a single key card or the Building's system will recognize Tenant's access cards.

14. **LANDLORD'S RIGHT OF ENTRY**. Landlord reserves the right to enter the office portions of the Premises or any part of the Property other than the Excluded Areas (except as required by an emergency that constitutes an imminent danger to persons or property or as required by this Lease or as required by any Applicable Laws), in each case when accompanied by a representative of Tenant and upon reasonable advance notice to Tenant (including telephonic notice to Tim Mueller at (302) 530-0529 with receipt confirmed by Tim Mueller [which contact person may be updated at any time by Tenant upon notice to Landlord], but excluding notice in case of an emergency, which shall be provided as soon as reasonably practicable following entry) and/or to undertake the following, all without abatement of rent or liability to Tenant except due to the gross negligence or willful misconduct of Landlord, its employees, agents and

contractors: to inspect, monitor, investigate, test or Maintain the Premises and/or the Property; to verify Tenant is complying with its obligations hereunder; to perform Landlord's obligations hereunder; to make permitted, or inspect Tenant, Alterations; to install, use, Maintain, alter or relocate any pipes, ducts, conduits, wires, equipment and other facilities in the Exterior Area or the Building as requested by Tenant or as required by an emergency, any Applicable Laws or any governmental authority having jurisdiction; to install, Maintain and operate conduit cabling within the utility and/or conduit ducts and risers within the Building as requested by Tenant or as required by an emergency, any Applicable Laws or any governmental authority having jurisdiction; or to show the Premises for the purpose of sale, insurance or financing, or, during the last 12 months of the Term (or following any Event of Default), to show the Premises to prospective tenants. If reasonably necessary, Landlord may temporarily close all or a portion of the Premises to perform repairs, alterations and additions. However, except in emergencies, Landlord will not close the Premises if the work can reasonably be completed on weekends and after normal business hours. Landlord will make reasonable efforts not to inconvenience Tenant in exercising such rights. Such entry by Landlord shall not constitute a constructive eviction (so long as Landlord complies with its obligations hereunder) or entitle Tenant to an abatement or reduction of Rent. The "**Excluded Areas**" shall mean all non-office areas of the Premises.

15. **ENVIRONMENTAL MATTERS**.

15.1 Tenant shall not cause, nor allow any of Tenant's Parties to cause, any Hazardous Materials to be brought upon, stored, manufactured, generated, blended, handled, recycled, treated, disposed or used on, in, under or about the Premises, the Property or the Project, except in accordance with all applicable Environmental Laws. Tenant shall not install, operate or maintain any above or below grade tank, sump, pit, pond, lagoon or other storage or treatment vessel or device on the Property without Landlord's prior written consent which may be withheld in Landlord's sole discretion. Tenant shall neither create, nor permit any Tenant Party to create any environmental lien of any kind with respect to the Property, including without limitation, any lien imposed pursuant to Section 107(f) of the Superfund Amendments and Reauthorization Act of 1986 (42 U.S.C. Section 9607(1)) or any similar state statute. As defined in Environmental Laws, Tenant is and shall be deemed to be the "operator" of Tenant's "facility" and the "owner" of all Hazardous Materials brought on the Premises by Tenant, its agents, employees, contractors or invitees, and the wastes, by-products, or residues generated, resulting, or produced therefrom. Tenant and Tenant's Parties shall promptly notify Landlord and the respective property manager in writing of the violation of any Environmental Law or presence or suspected presence of any Hazardous Materials, in, on, under or about the Premises or the improvements or the soil or groundwater thereunder, except as set forth in the Reports. Landlord shall have the right to enter upon and inspect the Premises and to conduct tests, monitoring and investigations with respect to any contamination at the Premises at Landlord's sole cost and expense in accordance with the terms of this Lease, provided Landlord shall use commercially reasonable efforts not to interfere with Tenant's use and occupancy of the Premises. Within 10 business days following receipt by Tenant of a written request therefor from Landlord from time to time (which request shall not be made more often than once annually), Tenant shall provide Landlord with a list of all Hazardous Materials then being used by Tenant in the Premises where the quantity of any such applicable solid exceeds 1 kilogram and any such applicable solvent exceeds 10 liters; any such information shall be treated as confidential by Landlord and any party that receives same must first enter into a commercially reasonable non-disclosure agreement with Tenant. Tenant shall indemnify, protect, defend (by counsel reasonably acceptable to Landlord) and hold harmless the Indemnitees from and against any and all Losses in connection with (a) Tenant and/or any Tenant Party's breach of this Section 15, or (b) the presence of Hazardous Materials on, in, under or about the Premises, the Property, the Project or other property as a result (directly or indirectly) of the acts or omissions (with respect to omissions, only to the extent in violation of this Lease or Applicable Laws) of Tenant and/or any Tenant Party. This indemnity shall include, without limitation, any Losses arising from or in connection with (i) the effects of any contamination or injury to person, property or the environment created by the acts or omissions (with

respect to omissions, only to the extent in violation of this Lease or Applicable Laws) of Tenant and/or any Tenant Party, (ii) the cost of any required or necessary repair, cleanup or detoxification, and the preparation and implementation of any closure, monitoring or other required plans, due to any such contamination created by the acts or omissions (with respect to omissions, only to the extent in violation of this Lease or Applicable Laws) of Tenant and/or any Tenant Party, (iii) interest, penalties and damages arising from claims brought by or on behalf of employees of Tenant with respect to any such contamination created by Tenant or a Tenant Party (with respect to which Tenant waives any right to raise as a defense against Landlord any immunity to which it may be entitled under any worker's compensation laws), and (iv) fees, costs or expenses incurred for the services of attorneys, consultants, contractors, experts, laboratories, and all other costs incurred in connection with the remediation of such introduction of Hazardous Materials or violation of such Environmental Laws by the acts or omissions (with respect to omissions, only to the extent in violation of this Lease or Applicable Laws) of Tenant and/or any Tenant Party. Landlord shall have the right to direct any and all remediation activities due to any such contamination created by the acts or omissions (with respect to omissions, only to the extent in violation of this Lease or Applicable Laws) of Tenant and/or any Tenant Party, all of which shall be performed at Tenant's sole cost; provided that, if Landlord elects to direct such remediation, any cost or expense incurred to implement remediation that exceeds the minimum standard required by Environmental Laws or any governmental authority having jurisdiction shall be borne solely by Landlord. Neither the written consent by Landlord to the presence of Hazardous Materials on, in, under or about the Premises, nor the strict compliance by Tenant with all Environmental Laws, shall excuse Tenant from Tenant's obligation of indemnification pursuant hereto. Tenant's obligations pursuant to the foregoing indemnity shall survive the expiration or termination of this Lease.

15.2 Notwithstanding the foregoing, Tenant shall not be responsible for any contamination of the Premises which (i) exists in, on or about the Premises or Project prior to the Commencement Date, or (ii) results from any activity which occurred in, on or about the Premises prior to the Commencement Date, in each case, unless and to the extent caused by the acts or omissions (with respect to omissions, only to the extent in violation of this Lease or Applicable Laws) of Tenant or any Tenant Party. Landlord represents and warrants to Tenant that, to its actual knowledge except as set forth in that certain Phase I Environmental Site Assessment of the Property prepared by TRC Environmental Corporation, Inc. dated June 21, 2021, and that certain Phase II Environmental Site Assessment of the Property prepared by TRC Environmental Corporation, Inc. dated August 13, 2021, including any documents mentioned or cited to in either the Phase I or Phase II (collectively, the "**Reports**"), true, correct and complete copies of which have been provided to Tenant, the Property does not contain Hazardous Materials in amounts exceeding legally established maximum thresholds or that require reporting or remediation. Landlord shall (i) take all actions required by Applicable Laws based on or arising as a result of the data, observations or findings set forth in the Reports (including without limitation designing, installing and maintaining vapor mitigation systems, where required, based upon data in the Reports or, where such data is inconclusive, upon subsequent vapor intrusion testing to be performed by Landlord, at its sole cost and expense, at each of the buildings included in the Premises at any time during the Term), all at Landlord's sole cost and expense, (ii) except to the extent required by any governmental authority having jurisdiction or any Applicable Laws, during the Term, not agree to the placement of any use restrictions on the Premises or Property or Building 700 during the Term, without Tenant's prior written consent, such consent not to be unreasonably withheld, conditioned or delayed and to be promptly given by Tenant so long as such use restrictions do not materially interfere with Tenant's business operations at the Premises or do not materially and adversely modify either Tenant's obligations or rights and/or Landlord's duties under the terms of this Lease, (iii) as a condition of the Landlord Work Substantial Completion Date, deliver to Tenant a reliance letter in commercially reasonable form permitting Tenant to rely on the Reports. If at any time during or after the Term, any portion of the Project is found to be contaminated from or as a result of any activity which occurred in or about the Project prior to the Commencement Date of this Lease, unless and to the extent caused by the acts or omissions (with respect to omissions, only to the extent in violation of this Lease or Applicable Laws) of Tenant or any Tenant Party, then Landlord will indemnify, defend and hold Tenant harmless from all claims, demands, actions, liabilities, costs, expenses, attorneys' fees, damages and obligations of any nature arising from or as a result thereof, and Landlord shall cause the remediation thereof at no cost to Tenant. Landlord's obligations pursuant to this subsection shall survive the expiration or termination of this Lease. If at any time during the Term of this Lease, any portion of the Property is found to be contaminated other than as a result of the acts or omissions (with respect to omissions, only to the extent in violation of this Lease or Applicable Laws) of Tenant or any Tenant Party, then Landlord will cause the performance of all necessary remediation activities to the extent required by Applicable Laws, at no cost to Tenant, unless and to the extent caused by the acts or omissions (with respect to omissions, only to the extent in violation of this Lease or Applicable Laws) of Tenant or

any Tenant Party.

16. **DAMAGE AND DESTRUCTION**. If at any time during the Term all or a portion of the Premises are damaged by a fire or other casualty, then Tenant shall promptly notify Landlord upon becoming aware thereof. Within 30 days after Landlord becomes aware of such damage, Landlord shall notify Tenant as to the amount of time Landlord reasonably estimates it will take to restore the Premises (including the restoration of Landlord's Work and any Alteration made by Landlord), including for modifications required by Applicable Laws, and excluding the repair, restoration or replacement of the fixtures, equipment, or Alterations made by Tenant or a Tenant Party ("**Landlord's Repair Notice**"). If the restoration time is estimated to exceed 9 months from the issuance of all permits, then either Landlord or Tenant (unless the damage was caused by Tenant) may elect to terminate this Lease effective as of the date of casualty by giving notice to the other within 15 days after Landlord's notice. Notwithstanding anything to the contrary contained in this Section, in the event such restoration is not, in fact, substantially completed within the time period set forth in Landlord's Repair Notice, as such time period shall be extended for delays caused by Tenant or any Tenant Party and/or delays due to Force Majeure, then Tenant (unless the damage was caused by Tenant) shall have the option to terminate this Lease on 30 days prior written notice, provided, however, that if Tenant gives such notice of termination pursuant to this paragraph and Landlord then substantially completes the restoration and repair within such 30 day time period, then Tenant's notice of termination shall be deemed revoked and this Lease shall continue in full force and effect. In addition, Landlord, by notice to Tenant within 30 days after the date of the fire or other casualty, shall have the right to terminate this Lease if the loss is not covered by the insurance maintained or required to be maintained by Landlord under this Lease. If this Lease is not, or cannot be, terminated in accordance with the foregoing, then, subject to delays due to Force Majeure (as defined below), Landlord shall commence to restore the Premises to substantially the same condition that existed immediately prior to the fire or other casualty (including Landlord's Work and any Alteration made by Landlord), including modifications required by Applicable Laws, and excluding the repair, restoration or replacement of the fixtures, equipment, or Alterations made by Tenant or a Tenant Party Notwithstanding the foregoing, either party may terminate this Lease if the Premises are damaged by a fire or other casualty during the last year of the Term and Landlord reasonably estimates that it will take more than 3 months to repair such damage. Base Rent and Tenant's Share of Real Property Taxes and Operating Expenses shall be abated for the period of Landlord's repair and restoration obligations commencing on the date of such casualty event in the proportion which the area of the Premises, if any, which is untenantable bears to the total area of the Premises. Tenant agrees that the terms of this Section 16 shall govern any damage or destruction and shall accordingly supersede any contrary statute or rule of law.

17. **CONDEMNATION**. If all of the Premises is Taken, then this Lease shall terminate. If (a) any part of the Premises is Taken and (i) the Taking would materially interfere with or impair Landlord's ownership or operation of the Property and/or the Project, as determined in Landlord's reasonable business judgment, and Landlord terminates or causes to be terminated all similarly situated leases in the Project whose spaces are similarly affected, or (ii) the remainder is insufficient for the reasonable operation of Tenant's business, or (b) any of the Property or the Project is Taken and in Landlord's opinion it would be impractical or the condemnation proceeds are insufficient to restore the remainder, in each case as

determined in Landlord's reasonable business judgment, and Landlord terminates or causes to be terminated all similarly situated leases in the Project whose spaces are similarly affected, then, in each case, upon written notice by Landlord, this Lease shall terminate. In the event this Lease is terminated in accordance with either of the foregoing sentences, then this Lease shall terminate as of the date the condemning authority takes possession and Rent shall be apportioned as of said date. If this Lease is not terminated as provided above, then, subject to any delays due to Force Majeure, Landlord shall restore the Building and Project to a condition as near as reasonably possible to the condition prior to the Taking (including any Alteration made by Landlord) (including modifications required by Applicable Laws, and excluding the repair, restoration or replacement of the fixtures, equipment, or Alterations made by Tenant or a Tenant Party (collectively, the "**Tenant Excluded Items**")), and the Rent payable hereunder during the unexpired Term shall be equitably reduced under the circumstances. In the event of any such Taking, Landlord shall be entitled to receive the entire price or award from any such Taking without any payment to Tenant, and Tenant hereby assigns to Landlord Tenant's interest, if any, in such award, except in each case with respect to the Tenant Excluded Items. Notwithstanding the foregoing, Tenant shall have the right, to the extent that same shall not diminish Landlord's award, to make a separate claim against the condemning authority (but not Landlord) for such compensation as may be separately awarded or recoverable by Tenant for moving expenses, business interruption benefits and losses and damage to Tenant's trade fixtures, equipment, Alterations or other personal property, including without limitation the Tenant Excluded Items, if a separate award for such items is made to Tenant. Tenant agrees that the terms of this Section 17 shall govern any Taking and shall accordingly supersede any contrary statute or rule of law.

18. **DEFAULT**.

18.1 **Event of Default**. The occurrence of any of the following events shall, at Landlord's option, constitute an "**Event of Default**":

18.1.1 Tenant shall fail to pay in full any and all Rent when due, and, except as provided in Section 18.3.1 below, such failure shall continue for a period of 5 business days after written notice to Tenant.

18.1.2 Tenant or any guarantor or surety of Tenant's obligations hereunder shall (a) make a general assignment for the benefit of creditors; (b) commence any case, proceeding or other action seeking to have an order for relief entered on its behalf as a debtor or to adjudicate it as bankrupt or insolvent, or seeking reorganization, arrangement, adjustment, liquidation, dissolution or composition of it or its debts or seeking appointment of a receiver, trustee, custodian or other similar official for it or for all or of any substantial part of its property (collectively, a "**proceeding for relief**"); (c) become the subject of any proceeding for relief which is not dismissed within 60 days of its filing or entry; or (d) be dissolved.

18.1.3 Tenant enters into or permits any Transfer in violation of Section 19 below.

18.1.4 Tenant shall fail to observe or comply with any provision of this Lease other than those specifically referred to in Section 18.1.1, and except as provided in Section 18.3.1 below, such default shall continue for more than 30 days after Landlord shall have given Tenant written notice of such default; provided, however, if the default cannot reasonably be cured within 30 days following Landlord's giving of notice, Tenant shall be afforded additional reasonable time (not to exceed 60 days following Landlord's notice) to cure the default if Tenant begins to cure the default within 30 days following Landlord's notice and continues diligently in good faith to completely cure the default.

18.2 **Landlord's Remedies**. Upon any Event of Default, Landlord shall have, in addition to any other remedies available to Landlord at law or in equity (which shall be cumulative and nonexclusive),

the option to pursue any one or more of the following remedies (which shall be cumulative and nonexclusive) without any notice or demand:

18.2.1 Landlord may terminate this Lease, in which event Tenant shall immediately surrender the Premises to Landlord, and if Tenant fails to do so, Landlord may, without prejudice to any other remedy it may have for possession or arrearages in Rent, enter upon and take possession of the Premises and expel or remove Tenant and any other person who may be occupying the Premises or any part thereof, without being liable for prosecution or any claim of damages therefor; and Landlord may recover from Tenant the following: (a) the worth at the time of award of the unpaid Rent which had been earned at the time of such termination; (b) the worth at the time of award of the amount by which the unpaid Rent which would have been earned after termination until the time of award exceeds the amount of such rental loss that Tenant proves could have been reasonably avoided; (c) the worth at the time of award of the amount by which the unpaid Rent for the balance of the Term after the time of award exceeds the fair market rental value of the Premises; (d) any other amount necessary to compensate Landlord for all the detriment proximately caused by Tenant's failure to perform its obligations hereunder or which in the ordinary course of things would be likely to result therefrom, including brokerage commissions, advertising expenses, expenses of remodeling any portion of the Premises for a new tenant (whether for the same or a different use), and any special concessions made to obtain a new tenant ("**Costs of Reletting**"); plus (e) at Landlord's option, such other amounts in addition to or in lieu of the foregoing as may be permitted from time to time by law. As used in subsection (a) and subsection (b) above, the "**worth at the time of award**" shall be computed by allowing interest at a rate per annum equal to the lesser of (i) the annual "Bank Prime Loan" rate cited in the Federal Reserve Statistical Release Publication H.15 (or such other comparable index as Landlord shall reasonably designate if such rate ceases to be published) plus 2 percentage points, or (ii) the highest rate permitted by Applicable Laws. As used in subsection (c) above, the "**worth at the time of award**" shall be computed by discounting such amount at the discount rate of the Federal Reserve Bank of San Francisco at the time of award plus 1%.

18.2.2 If Landlord does not elect to terminate this Lease on account of any Event of Default by Tenant, then Landlord may, from time to time, without terminating this Lease, terminate Tenant's right to possession of the Premises and, in compliance with Applicable Laws, remove Tenant, Tenant's Property and any parties occupying the Premises. Landlord may (but shall not be obligated to) relet all or any part of the Premises, without notice to Tenant, for such period of time and on such terms and conditions (which may include concessions, free rent and work allowances) as Landlord in its absolute discretion shall determine. Landlord may collect and receive all rents and other income from the reletting, which shall be applied to amounts owed by Tenant hereunder. Tenant shall pay Landlord on demand all past due Rent, all Costs of Reletting and any deficiency arising from the reletting or failure to relet the Premises. In the event of reletting without termination of this Lease, Landlord may at any time thereafter elect to terminate this Lease for such previous breach. Notwithstanding anything to the contrary in this Lease, Landlord shall use commercially reasonable efforts to relet the Premises in order to mitigate its damages hereunder, but Landlord shall not be required to prefer the Premises over other space available for lease in the Project.

18.2.3 Landlord may, at Landlord's option, without any obligation to do so, cure an Event of Default by Tenant. Tenant agrees to pay Landlord an amount equal to 105% of any expenses which Landlord may incur in thus effecting compliance with Tenant's obligations under this Lease, including without limitation, reasonable attorney's fees, together with interest thereon at the Applicable Interest Rate from the date of expenditure until paid.

18.3 **General**.

18.3.1 Any notice periods provided for in this Lease shall run concurrently with any statutory notice periods and any notice given hereunder may be given simultaneously with or incorporated into any such statutory notice. Notwithstanding any provision to the contrary in this Section: (a) Landlord shall not be required to give Tenant any notice and opportunity to cure provided in Section 18.1.1 above with respect to any specific monetary default that occurs more than twice in any consecutive 12-month period, and thereafter Landlord may declare an Event of Default without affording Tenant any of the notice and cure rights provided under this Lease; (b) only an additional 5 day notice and cure period to Tenant shall be required by Landlord prior to Landlord exercising its rights under Section 18.2 if Tenant fails to restore the Security Deposit to its original amount during the 3 day cure period provided in Section 5; (c) only an additional 5 day notice and cure period to Tenant shall be required by Landlord prior to Landlord exercising its rights under Section 18.2 if Tenant fails to remove any lien or claim during the 45 day cure period provided in Section 13.2; (d) if Tenant fails, during the 15 day time period provided in Section 20.1, to (A) execute and deliver to Landlord (and those parties reasonably requested by Landlord) an estoppel certificate, or (B) furnish to Landlord, Landlord's Mortgagee, prospective Mortgagee and/or prospective purchaser reasonably requested financial information certified in accordance with Section 20.1, then Landlord shall only be required to give Tenant an additional 5 day notice and cure period prior to Landlord exercising its rights under Section 18.2; (e) Landlord shall not be required to give such notice prior to exercising its rights under 18.2 if Tenant fails to comply with the provisions of Sections 23 or 26.13; (f) only 5 days' notice and opportunity to cure to Tenant shall be required by Landlord prior to Landlord exercising its rights under Section 18.2 if Tenant makes any recording in violation of Section 26.6 below; and (g) Landlord shall not be required to give such notice prior to exercising its rights under Section 18.2.3 in the event of an emergency that constitutes an imminent danger to persons or property or which requires emergency repairs to the Premises or the Property in order to prevent imminent injury to persons or property.

18.3.2 Tenant waives, for Tenant and for all those claiming by, through or under Tenant, by order or judgment of any court or by any legal process or writ, Tenant's right of occupancy of the Premises after any termination hereof. Exercise by Landlord of any right or remedy shall not be deemed to be an acceptance of surrender of the Premises, a termination of this Lease by Landlord or a release of Tenant from any of its obligations hereunder. No waiver by Landlord of any breach by Tenant shall be a waiver of any subsequent breach, nor shall any forbearance by Landlord to seek a remedy for any breach by Tenant be a waiver by Landlord of any rights and remedies with respect to such or any subsequent breach. Efforts by Landlord to mitigate the damages caused by Tenant's default shall not constitute a waiver of Landlord's right to recover damages hereunder. No right or remedy herein conferred upon or reserved to Landlord is intended to be exclusive of any other right or remedy provided herein or by law, but each shall be cumulative and in addition to every other right or remedy given herein or now or hereafter existing at law or in equity. No payment by Tenant or receipt or acceptance by Landlord of a lesser amount than the total amount due Landlord under this Lease shall be deemed to be other than on account, nor shall any endorsement or statement on any check or payment be deemed an accord and satisfaction, and Landlord may accept such check or payment without prejudice to Landlord's right to recover the balance of Rent due, or Landlord's right to pursue any other available remedy. Landlord shall not be liable, nor shall Tenant's obligations hereunder be diminished because of, Landlord's failure to relet the Premises or collect rent due in respect of such reletting so long as Landlord complies with its obligations under this Lease. If either party commences an action against the other party arising out of or in connection with this Lease, then the prevailing party shall be entitled to have and recover from the other party reasonable attorneys' fees, costs of suit, investigation expenses and discovery and other litigation costs, including costs of appeal. Landlord and Tenant waive the right to a trial by jury in any action or proceeding based upon or related to, the subject matter of this Lease.

18.3.3 Landlord shall not be in default under this Lease unless Landlord fails to complete performance of the obligations required of Landlord within 30 days (or such shorter time period as may be reasonable under the circumstances in the event of an emergency) after receipt of written notice by Tenant to Landlord specifying that Landlord has failed to perform such obligation, provided, however, that if the nature of Landlord's obligation is such that more than the specified cure period is required for performance, then Landlord shall not be in default if Landlord commences performance within the specified cure period and thereafter diligently prosecutes the same to completion; further, no notice and cure period shall be required if Landlord fails to comply with the provisions of Section 26.13. In the event Landlord does not perform within the period provided herein, then in addition to any other rights of Tenant granted under this Lease, upon not less than 5 days additional prior written notice from Tenant to Landlord after the end of the cure period that Tenant intends to perform the obligation on Landlord's behalf (which notice and 5 day period shall not be required in the event of an emergency), Tenant shall have the right, but not the obligation, to take such commercially reasonable action as is reasonably necessary under the circumstances to perform such obligation. All work done in accordance herewith must be performed in a commercially reasonable time period and at a reasonable and competitive cost and expense (taking into account the circumstances of the obligation). To the extent such work performed by Tenant is Landlord's responsibility under this Lease, Landlord shall reimburse Tenant, within 30 days after Landlord's receipt of a reasonably documented invoice therefor, for any reasonable sums paid or reasonable costs incurred by Tenant in curing the default. Landlord expressly agrees that in the event that Landlord is in default under this Lease and such default continues beyond any applicable notice and cure periods under this Lease, Tenant, at its option, may pursue any and all rights and remedies available to Tenant at law or in equity. If Landlord fails to reimburse Tenant within 30 days after Landlord's receipt of a reasonably documented invoice therefor, for any reasonable sums paid or reasonable costs incurred by Tenant in curing Landlord's default in accordance with the terms, conditions and provisions of this Section, then, upon not less than 5 days additional prior written notice from Tenant to Landlord after the end of such 30 day period that Tenant intends to deduct such amounts from the next succeeding payments of Base Rent (which notification of Tenant's intention must be conspicuous and in bold capital letters), Tenant shall be entitled to deduct such amounts from the next succeeding payments of Base Rent until such amounts have been fully reimbursed to Tenant, provided that no deduction in any month may exceed 20% of the monthly installment of Base Rent due for such month (unless there are insufficient months prior to the end of the Term to completely deduct such amounts, in which event such percentage shall be increased in order to allow Tenant to completely deduct such amounts prior to the end of the Term).

18.3.4 Tenant shall not be liable to Landlord for any loss of business or profits of Landlord or for consequential or punitive damages of any kind under this Lease, unless due to contamination of the Premises, the Property or the Project by Tenant or any Tenant Party pursuant to Section 15 or unless due to a holdover by Tenant pursuant to Section 25.

19. **ASSIGNMENT AND SUBLETTING**.

19.1 Except as provided below, Tenant shall not enter into nor permit any Transfer, whether voluntarily or involuntarily or by operation of law, without Landlord's prior written approval, which approval shall not be unreasonably withheld, conditioned or delayed. Without limitation, Tenant agrees that Landlord's consent shall not be considered unreasonably withheld if Tenant is in default under this Lease beyond all applicable notice and cure periods. Notwithstanding the foregoing, Landlord's consent shall not be required in the event of (i) any Transfer by Tenant to an Affiliate, provided that any such Affiliate not referenced in subsection (i) of the definition of "Affiliate" set forth in **Exhibit A**, has a tangible net worth at least equal to $50,000,000.00 as of the date of the Transfer as evidenced by current financial statements of such Affiliate certified by an officer of such Affiliate, or (ii) any sublease of a portion of the Premises consisting of 10,000 rentable square feet or less (each, a "**Permitted Transfer**"); provided that the next 4 sentences of this Section 19 shall not apply to any such Permitted Transfer except Tenant shall

give Landlord written notice of such Permitted Transfer within 15 days after the effective date of any such Permitted Transfer and a copy of the Permitted Transfer document(s). If Tenant desires to undertake a Transfer other than a Permitted Transfer, then Tenant shall give Landlord (a) prior to the anticipated effective date of the Transfer, prior written notice thereof, current financial statements of the proposed transferee certified by an officer of the transferee, complete copies of the proposed Transfer documents and any other information Landlord reasonably requests, and (b) on or before the effective date of the Transfer, an assumption agreement or a sublease, as applicable, in form reasonably acceptable to Landlord (executed by Tenant and the transferee), together with a certificate of insurance evidencing the transferee's compliance with the insurance requirements of Tenant hereunder. Landlord shall respond to any written request by Tenant for consent to a Transfer within 20 days after the date of Landlord's receipt of Tenant's written request for such consent (which written request shall advise Landlord in bold capital letters that Landlord's consent to the Transfer will be deemed granted if Landlord fails to respond to Tenant's written request for such consent within such 20 day period), along with all information and documentation required to be provided to Landlord hereunder. If Landlord fails to respond to Tenant's written request for such consent within such 20 day time period, then Landlord's consent to the Transfer will be deemed granted. Whether or not a Transfer is consummated or approval is granted, Tenant shall pay Landlord's reasonable attorneys' and financial consultant's fees incurred in the review of such Transfer, not to exceed $2,000.00 with respect to each Transfer. Landlord shall provide a non-disturbance and recognition agreement in commercially reasonable form for any subtenant with a tangible net worth at least equal to $50,000,000.00 as of the date of the Transfer as evidenced by current financial statements of such subtenant certified by an officer of such subtenant. This Lease may not be assigned by operation of law except as provided herein. A consent to one Transfer shall not be deemed to be a consent to any subsequent Transfer. In no event shall any Transfer relieve Tenant from any obligation under this Lease. Landlord's acceptance of Rent from any person shall not be deemed to be a waiver by Landlord of any provision of this Lease or to be a consent to any Transfer. Any Transfer not in conformity with this Section 19 shall be void at the option of Landlord. Tenant shall not collaterally mortgage, pledge, hypothecate or otherwise similarly encumber this Lease or any of Tenant's rights hereunder.

19.2 The provisions of Section 19.1 above notwithstanding, if Tenant proposes to Transfer all of the Premises via a sublease for the remainder of the Term, other than pursuant to a Permitted Transfer, Landlord may terminate this Lease by providing written notice of such termination to Tenant within 10 business days after such proposal. Provided that Tenant is not then in default under this Lease beyond applicable notice and cure periods, if this Lease is not so terminated, Tenant shall retain all of the excess of (i) all compensation received by Tenant for the Transfer over (ii) the Rent allocable to the Premises transferred; provided, however, if Tenant is then in default under this Lease beyond all applicable notice and cure periods, Landlord shall retain all such excess and apply same to Rent hereunder. Tenant shall continue to be liable as a principal and not as a guarantor or surety to the same extent as though no assignment had been made.

19.3 Notwithstanding the foregoing, Landlord hereby grants its consent to desk-sharing arrangements with persons or entities with which Tenant has a direct business relationship, subject to Landlord's receipt of a sublease, license or other occupancy agreement by and between Tenant and any such sublessee. Notwithstanding the foregoing, under no circumstances shall any such desk-sharing sublessee have any right to Building signage.

20. **ESTOPPEL, FINANCIALS; SUBORDINATION, ATTORNMENT**.

20.1 **Estoppel; Financials**. Tenant shall, within 15 days after Landlord's written request from time to time: (a) execute and deliver to Landlord a commercially reasonable estoppel certificate to those named parties as are reasonably requested by Landlord (including a Mortgagee or prospective purchaser) (it being agreed that, without limitation, such estoppel certificate may include a certification as to the status

of this Lease, the existence of any Events of Default to Tenant's knowledge and the amount of Rent that is due and payable); and (b) and at the commencement of each Lease Year (commencing with the second Lease Year), provide to Landlord, any existing or prospective Mortgagee and/or any prospective purchaser the following financial information certified by an officer of the Tenant as being true and correct, upon request by Landlord and after Landlord and any such other party enters into a commercially reasonable form of non-disclosure agreement provided by Tenant, (i) current, accurate, audited financial statements for Tenant and Tenant's business, and (ii) unaudited financial statements (which shall at least include a balance sheet, an income statement and a statement of cash flow) for Tenant and Tenant's business for each of the 3 years prior to the current financial statement year prepared under generally accepted accounting principles consistently applied.

20.2 **Subordination; Attornment**. Tenant accepts that this Lease shall be and at all times remain subject and subordinate to any Mortgage now or in the future affecting the Premises, all without the necessity of Tenant's executing further instruments to effect such subordination except as required below, provided that Tenant's rights under this Lease are not materially modified by the Mortgagee and that Tenant's right of possession of the Premises shall not be disturbed by the Mortgagee, or anyone claiming by, through or under such Mortgagee, so long as Tenant is not in default beyond any applicable notice and cure periods under this Lease; provided that Landlord obtains a subordination, non-disturbance and attornment agreement ("**SNDA**") in the form attached hereto as **Exhibit M**, from the holder of any current or future Mortgage affecting the Property. So long as Landlord has delivered all required SNDAs, Tenant shall execute and deliver to Landlord, within 15 days after Landlord's request, any further commercially reasonable instruments confirming the subordination of this Lease and any further commercially reasonable instruments of attornment that the Mortgagee may reasonably request, including an SNDA. Notwithstanding anything to the contrary contained in this Section 20.2, the holder of any such Mortgage may at any time subordinate its Mortgage to this Lease, without Tenant's consent, by notice in writing to Tenant, and thereupon this Lease shall be deemed prior to such Mortgage without regard to their respective dates of executing, delivery or recording and in the event such Mortgagee shall have the same rights with respect to this Lease as though this Lease has been executed prior to the executing, delivery and recording of such Mortgage. Tenant agrees to give any Mortgagee, a written copy of any notice of default served upon the Landlord by Tenant concurrently with delivery to Landlord, provided that, prior to such notice, Tenant has been notified in writing of the address of such Mortgagee. Landlord represents and warrants to Tenant that, as of the Effective Date, there is no Mortgage affecting the Premises.

20.3 **Landlord's Subordination**. Provided that there then exists no Event of Default by Tenant under this Lease, within ten (10) business days following Tenant's prior written request thereof, Landlord shall execute and deliver a subordination of Landlord's right and lien to any removable fixtures, inventory and equipment installed by Tenant in the Premises, in Landlord's standard form attached hereto as **Exhibit D** (which form shall be revised include such commercially reasonable changes that Tenant's lender or lessee shall reasonably request), to enable Tenant to secure financing of such removable fixtures, inventory and equipment. Tenant shall pay Landlord's reasonable attorneys' and consultant's fees incurred in connection with the processing and documentation of any subordination for which Landlord's consent is requested, not to exceed $2,000.00 with respect to each such request.

21. **LIMITATION OF LIABILITY**. NOTWITHSTANDING ANYTHING TO THE CONTRARY CONTAINED IN THIS LEASE, THE LIABILITY OF LANDLORD (AND OF ANY SUCCESSOR LANDLORD) SHALL BE LIMITED TO THE INTEREST OF LANDLORD IN THE PROJECT. TENANT SHALL LOOK SOLELY TO LANDLORD'S INTEREST IN THE PROJECT FOR THE RECOVERY OF ANY JUDGMENT OR AWARD AGAINST LANDLORD OR ANY LANDLORD INDEMNITEES. NEITHER LANDLORD NOR ANY LANDLORD INDEMNITEES SHALL BE PERSONALLY LIABLE FOR ANY JUDGMENT OR DEFICIENCY, AND IN NO EVENT SHALL LANDLORD OR ANY LANDLORD INDEMNITEES BE LIABLE TO TENANT FOR LOST PROFIT,

DAMAGE TO OR LOSS OF BUSINESS OR ANY FORM OF PUNITIVE, SPECIAL, INDIRECT OR CONSEQUENTIAL DAMAGE, UNLESS DUE TO CONTAMINATION OF THE PREMISES, THE PROPERTY OR THE PROJECT BY LANDLORD OR ANY LANDLORD INDEMNITEES. WHENEVER LANDLORD TRANSFERS ITS INTEREST AND SUCH TRANSFEREE ASSUMES LANDLORD'S OBLIGATIONS UNDER THIS LEASE, LANDLORD SHALL BE AUTOMATICALLY RELEASED FROM FURTHER PERFORMANCE UNDER THIS LEASE AND FROM ALL FURTHER LIABILITIES AND EXPENSES HEREUNDER AND THE TRANSFEREE OF LANDLORD'S INTEREST SHALL ASSUME ALL LIABILITIES AND OBLIGATIONS OF LANDLORD HEREUNDER ARISING FROM THE DATE OF SUCH TRANSFER.

22. **RELOCATION**. Intentionally Deleted.

23. **HOLDING OVER**. If Tenant remains in possession of all or any part of the Premises after the expiration or earlier termination of the Term, then such holding over shall be a tenancy at sufferance, for the entire Premises, subject to the terms and conditions of this Lease, except that Tenant monthly installments of Base Rent shall be determined on a per month basis without reduction for partial months during the holdover and shall be 150% of the monthly installment of Base Rent payable for the last full month immediately preceding the holdover plus 100% of the monthly installment of Real Property Taxes and Operating Expenses payable by Tenant for the last full month immediately preceding the holdover. This Section shall not be construed as Landlord's permission for Tenant to holdover. Acceptance of Rent by Landlord following expiration or termination shall not constitute an extension of the Term or prevent Landlord from immediate recovery of possession of the Premises by summary proceedings or otherwise. Notwithstanding any provision in this Lease to the contrary, any holdover by Tenant shall constitute an Event of Default on the part of Tenant under this Lease entitling Landlord to exercise, without obligation to provide Tenant any notice or cure period, all of the remedies available to Landlord in the case of an Event of Default by Tenant. If Tenant remains in possession of all or any part of the Premises after the expiration or earlier termination of the Term, then Tenant shall indemnify and hold Landlord harmless from and against all Losses (including, without limitation, consequential damages) resulting from or arising out of Tenant's failure to surrender the Premises, including, but not limited to, any amounts required to be paid to any tenant or prospective tenant who was to have occupied the Premises after the expiration or earlier termination of this Lease and any related reasonable attorneys' fees and brokerage commissions. Landlord shall advise Tenant in writing promptly after Landlord enters into a lease providing for occupancy of any portion of the Premises by a tenant after the Expiration Date ("**Landlord's New Lease Notice**"). Notwithstanding anything to the contrary herein contained, Tenant shall not be liable for any damages as a result of a holdover (other than increased Base Rent as set forth above) unless such holdover continues for a period of more than 60 days after Tenant's receipt of Landlord's New Lease Notice. (For example, (i) if Tenant receives Landlord's New Lease Notice 60 or more days prior to the Expiration Date, Tenant will be liable for damages as a result of any holdover after the Expiration Date, and (ii) if Tenant receives Landlord's New Lease Notice 30 days prior to the Expiration Date, Tenant will be liable for damages as a result of the holdover only if it holds over for more than 30 days after the Expiration Date.).

24. **NOTICES**. All demands, approvals, consents or notices (collectively referred to as a "**notice**") shall be in writing and delivered (except as otherwise permitted under Section 14 above) by hand or sent by registered, express, or certified mail, with return receipt requested or with delivery confirmation requested from the U.S. postal service, or sent by overnight or same day courier service at the party's respective Notice Address(es) set forth in Section 1; provided, however, notices sent by Landlord regarding general Building operational matters may be sent via e-mail to the e-mail address provided by Tenant to Landlord for such purpose (which shall be sent to Tim Mueller at tmueller@preludetx.com until changed by Tenant upon notice to Landlord). In addition, if the Building is closed (whether due to emergency, governmental order or any other reason), then any notice address at the Building shall not be deemed a required notice address during such closure, and, unless Tenant has provided an alternative valid notice

address to Landlord for use during such closure, any notices sent during such closure may be sent via e-mail or in any other practical manner reasonably designed to ensure receipt by the intended recipient but shall also be sent to the Building. Each notice shall be deemed to have been received on the earlier to occur of actual delivery or the date on which delivery is refused. Either party may, at any time, change its Notice Address (other than to a post office box address) by giving the other party written notice of the new address. Counsel for any party may give notice on its behalf.

25. **SURRENDER**. On the date in which this Lease expires or terminates, Tenant, at its sole cost, shall return possession of the Premises to Landlord in accordance with Tenant's obligations under this Lease, and otherwise in broom clean good condition, ordinary wear and tear and damage by fire or casualty, condemnation and unperformed Landlord obligations excepted. Conditions existing because of Tenant's failure to perform any of its Maintenance obligations hereunder or as a result of the presence of Hazardous Materials on, in, under or about the Premises, the Property, the Project or other property as a result of the acts or omissions (with respect to omissions, only to the extent in violation of this Lease or Applicable Laws) of Tenant and/or any Tenant Party shall not be deemed "ordinary wear and tear". On or before the expiration or earlier termination of this Lease, except as otherwise expressly set forth under this Lease, Tenant, at its sole cost, shall remove Tenant's Property from the Property and repair all damage resulting from such removal and restore the Property and the Project to the condition required in this Lease, subject to Section 13.1 above, unless otherwise expressly agreed to in writing by the parties hereto. If Tenant fails to remove any Tenant's Property as required hereunder, then Landlord may deem all or any part of Tenant's Property to be abandoned and, at Landlord's option, title to Tenant's Property shall vest in Landlord and/or Landlord, at Tenant's sole cost, may remove and/or dispose of any Tenant's Property in any manner Landlord deems appropriate. Tenant shall have no obligation to remove the Landlord Work or any portion thereof or any Alteration except for any specialty Alteration pursuant to Section 13.1. If Tenant does not return possession of the Premises to Landlord in the condition required under this Lease, then Landlord shall promptly notify Tenant thereof and Tenant shall pay Landlord, upon demand and presentation of reasonable supporting documentation all reasonable costs incurred by Landlord necessary to put the Premises in the condition required under this Lease.

26. **MISCELLANEOUS**.

26.1 **Entire Agreement**. This Lease, Addenda, Exhibits and Schedules set forth all the agreements between Landlord and Tenant concerning the Premises; and there are no agreements either oral or written other than as set forth herein. This Lease may be modified only by a written agreement signed by an authorized representative of Landlord and Tenant.

26.2 **Time of Essence**. Time is of the essence with respect to Tenant's obligations and Landlord's obligations under this Lease.

26.3 **Severability**. If any provision of this Lease or the application of any such provision shall be held by a court of competent jurisdiction to be invalid, void or unenforceable to any extent, then the remaining provisions of this Lease and the application thereof shall remain in full force and effect and shall not be affected, impaired or invalidated.

26.4 **Law**. This Lease shall be construed and enforced in accordance with the laws of the state in which the Premises are located.

26.5 **Successors and Assigns**. This Lease shall be binding upon and inure to the benefit of the successors and assigns of Landlord and, subject to compliance with the terms of Section 19, Tenant.

26.6 **Memorandum of Lease**. Tenant shall not record this Lease or a short form memorandum hereof. Notwithstanding the foregoing, Tenant, at its sole cost and expense, shall have the right to record a memorandum of this Lease substantially in the form attached hereto as **Exhibit N**. Landlord shall reasonably cooperate with Tenant to effectuate any such recording. Tenant shall reasonably cooperate with Landlord to discharge such recording at the expiration or earlier termination of the Term.

26.7 **Agency, Partnership or Joint Venture**. Nothing contained herein nor any acts of the parties hereto shall be deemed or construed by the parties hereto, nor by any third party, as creating the relationship of principal and agent or of partnership or of joint venture by the parties hereto or any relationship other than the relationship of landlord and tenant.

26.8 **Merger**. The voluntary or other surrender of this Lease by Tenant or a mutual cancellation thereof or a termination by Landlord shall not work a merger and shall, at the option of Landlord, terminate all or any existing sub-tenancies or may, at the option of Landlord, operate as an assignment to Landlord of any or all of such sub-tenancies.

26.9 **Headings**. Section headings have been inserted solely as a matter of convenience and are not intended to define or limit the scope of any of the provisions contained therein.

26.10 **Signs**. Landlord will furnish Tenant Building standard identification signage on or beside the main entrance door to the Premises and Building standard, shared signage on a Building monument sign to be located on the Property, in common with other tenants of the Project. Tenant shall not place any signs on the Property without the prior consent of Landlord (which consent shall not be unreasonably withheld, conditioned or delayed so long as such signage is reasonably consistent with the Project standard signage), other than signs that are located wholly within the interior of the Premises and not visible from the exterior of the Premises. Notwithstanding the foregoing, provided that Tenant continues to lease at least 52% of the Building, Tenant, at its sole cost and expense, shall be permitted to install illuminated signage on the exterior of the Building, subject to (i) Tenant's compliance with all Applicable Laws, and (ii) Landlord's prior written approval (which approval shall not be unreasonably withheld, conditioned or delayed so long as such signage is consistent with the signage of other tenants of Landlord in the Project) of such signage, including, without limitation, approval of its appearance, size, lighting, materials and location. Provided that Tenant continues to lease at least 52% of the Building, Landlord shall not permit other tenants in the Building to have signage on the exterior of the Building, except at entrances exclusively serving such tenants. Tenant shall Maintain all signs installed by Tenant in good condition. Tenant shall remove its signs at the termination of this Lease, shall repair any resulting damage, and shall restore any damage due to the installation thereof.

26.11 **Brokers**. Tenant agrees that it has dealt with no brokers in connection with this Lease, except the Broker(s). Landlord agrees to pay any commission due by Landlord to the Broker(s) pursuant to a separate agreement. Tenant agrees to indemnify and hold Landlord harmless from any and all claims for commissions or fees in connection with the Premises and this Lease from any other real estate brokers or agents with whom Tenant may have dealt. Landlord agrees that it has dealt with no brokers in connection with this Lease, except the Broker(s). Landlord agrees to indemnify and hold Tenant harmless from any and all claims for commissions or fees in connection with the Premises and this Lease from any other real estate brokers or agents with whom Landlord may have dealt.

26.12 **Joint and Several**. If Tenant or Landlord consists of more than one person, then the obligation of all such persons shall be joint and several. In such event, requests or demands from any one person or entity comprising Tenant or Landlord, as applicable, shall be deemed to have been made by all such persons or entities, and notices to any one person or entity shall be deemed to have been given to all persons and entities.

26.13 **OFAC**. Tenant and Landlord each hereby represents, warrants and certifies that: (a) neither it nor its officers, directors, or controlling owners is acting, directly or indirectly, for or on behalf of any person, group, entity, or nation named by any Executive Order, the United States Department of Justice, or the United States Treasury Department as a terrorist, "Specifically Designated National or Blocked Person," or other banned or blocked person, entity, nation, or transaction pursuant to any law, order, rule or regulation that is enforced or administered by the Office of Foreign Assets Control ("**SDN**"); (b) neither it nor its officers, directors or controlling owners is engaged in this transaction, directly or indirectly on behalf of, or instigating or facilitating this transaction, directly or indirectly on behalf of, any such person, group, entity, or nation; and (c) neither it nor its officers, directors or controlling owners is in violation of Presidential Executive Order 13224, the USA PATRIOT Act, (Public Law 107-56), the Bank Secrecy Act, the Money Laundering Control Act or any regulations promulgated pursuant thereto. If the foregoing representations are untrue at any time during the Term, then an Event of Default by Tenant or default by Landlord, as applicable, will be deemed to have occurred, without the necessity of notice to the defaulting party.

26.14 **Intentionally Omitted**.

26.15 **Renewable Energy**. Tenant agrees to cooperate with Landlord in the event that Landlord desires to provide a source of renewable energy to serve the Premises or the Property, such as solar or wind power, and Tenant agrees to same, in which event the parties shall work cooperatively and in good faith to implement.

26.16 **Force Majeure**. If either party hereto is prevented from performing any obligation hereunder by any strike, act of God, war, terrorist act, shortage of labor or materials, governmental action or orders, civil commotion, epidemic, pandemic, public health emergency or other cause beyond such party's reasonable control ("Force Majeure"), such obligation shall be excused during (and any time period for the performance of such obligation shall be extended by) the period of such prevention; provided, however, that this Section shall not (a) permit Tenant to hold over in the Premises after the expiration or earlier termination hereof, or (b) excuse (or extend any time period for the performance of) (i) any obligation to remit money or deliver the Security Deposit or any portion thereof, or (ii) any obligation under Sections 10 and 11.

26.17 **Counterparts; Commercial Rental Unit**. This Lease may be executed in counterparts and shall constitute an agreement binding on all parties notwithstanding that all parties are not signatories to the original or the same counterpart provided that all parties are furnished a copy or copies thereof reflecting the signature of all parties. Transmission of a facsimile or by email of a pdf copy or via DocuSign of the signed counterpart of this Lease shall be deemed the equivalent of the delivery of the original, and any party so delivering a facsimile or pdf copy of the signed counterpart of this Lease by email transmission shall in all events deliver to the other party an original signature promptly upon request. This Lease is a lease of a "commercial rental unit" as defined in the Delaware Landlord-Tenant Code, 25 Del. C. Section 5101 et seq.

26.18 **Waiver of Redemption of Tenant**. Tenant hereby waives, for Tenant and for all those claiming under Tenant, all rights now or hereafter existing to redeem by order or judgment of any court or by any legal process or writ, Tenant's right of occupancy of the Premises or Property after any termination of this Lease.

26.19 **Rights Reserved by Landlord**. Landlord excepts and reserves exclusively to itself any and all rights not specifically granted to Tenant under this Lease. Landlord reserves the right to make changes to the Property, Building and Exterior Areas as Landlord deems appropriate, including, without limitation, the right to grant easements, rights of way, utility raceways and make dedications, to grant lease,

license or use rights to third parties, to utilize the foregoing easements or licenses on the Property and/or the Project, to dedicate for public use portions of the Property and/or the Project, to improve the energy efficiency or sustainability of the Building, the Property and/or the Project, and to change the name of the Building, the Property and/or the Project, provided that Landlord obtains Tenant's prior consent before taking any such actions, such consent not to be unreasonably withheld, conditioned or delayed and to be promptly given by Tenant so long as such actions do not materially and adversely modify either Tenant's obligations or rights and/or Landlord's duties under the terms of this Lease.

26.20 **Exterior Equipment**. Provided Tenant is not then in default under this Lease beyond all applicable notice and cure periods, subject to Tenant's compliance with the provisions of Section 13 of this Lease, Tenant shall have the right and option, at its sole risk, responsibility, cost and expense, to purchase, install (including, without limitation, any costs associated with upsizing the pipe for any natural gas generator), use and Maintain a back-up diesel or natural gas generator sized appropriately for the demand (approximately 500 kVA) ("**Generator**"), an external, horizontal liquid nitrogen tank (maximum size of 6,000 gallons) and a horizontal Carbon Dioxide tank (less than 5 tons) (collectively, "**Tank**"), communication devices ("**Antenna**"), and a waste storage and pour off area located in the Building of approximately 600 square feet (provided that, after Tenant informs Landlord in writing of Tenant's intention for such area, the specific use of such area and the materials involved therein, Tenant obtains Landlord's prior written approval thereof) and a storage area for approximately 20 gas cylinders (collectively, "**Outdoor Storage**") (collectively, "**Exterior Equipment**") on the Property, under and subject to the following conditions:

26.20.1 With respect to the installation, use, Maintenance and removal of the Exterior Equipment, Tenant, at Tenant's sole cost and expense, shall comply with all Applicable Laws and shall obtain, and deliver to Landlord written evidence of, any approval(s) required under any Applicable Laws or recorded covenants or restrictions applicable to the Property and copies of all permits and approvals therefor.

26.20.2 Tenant shall obtain Landlord's prior written approval of the location of the Exterior Equipment on the Property and of the specifications for the Exterior Equipment, in each case not to be unreasonably withheld, conditioned or delayed. Tenant, at Tenant's sole cost and expense, shall purchase and install the Exterior Equipment. Tenant, at Tenant's sole cost and expense, shall place the Generator and Tank on manufacturer recommended concrete pads (which, along with the Outdoor Storage areas shall be constructed by Landlord as part of the Tenant Improvements) and enclose and screen (at a height less than 15 feet) the Outdoor Storage area, and the Generator and Tank and such concrete pads on which the Generator and Tank will be located, with pre-cast concrete panels matching the exterior of the Building or other screening reasonably satisfactory to Landlord and otherwise in a manner reasonably satisfactory to Landlord. The Antenna may be located on the roof, provided that Tenant does not adversely affect the roof warranty and Tenant agrees to consult with Landlord's roofing contractor prior to installation and strictly to comply with the roofing contractor's recommendations and requirements. Tenant shall pay all costs associated with the use of the Exterior Equipment on the Property, including without limitation, reasonable costs and fees Landlord may incur for professional or contractor review and approval and commercially reasonable landscaping costs.

26.20.3 Tenant, at Tenant's sole cost and expense, shall Maintain and repair the Exterior Equipment in a safe, good and orderly condition. The use, installation, Maintenance and removal of the Exterior Equipment shall be performed by Tenant, at Tenant's sole cost, in a manner which will not impair the integrity of, damage or adversely affect the warranty applicable to, any portion of the Property.

26.20.4 Tenant may, but shall not be obligated to, remove the Exterior Equipment, in which event Tenant, at Tenant's sole cost and expense, will (i) remove the Exterior Equipment from the

Property (and all wiring therefrom to and through the Building), and (ii) repair any resulting damage (including, without limitation, damage to landscaping or paving). If Tenant removes the Generator, Tenant shall be obligated to leave all conductors and automatic transfer switches.

26.20.5 At least 3 business days prior to installation or removal of the Exterior Equipment, Tenant shall notify Landlord of the date and time of such removal or installation.

26.20.6 Tenant's indemnification of Landlord pursuant to 10.1 of this Lease also applies to the Exterior Equipment and Tenant's use of any portion of the Property therefor. Without limiting the foregoing, Tenant solely shall be responsible for any damages or injury caused by or in any way relating to the Exterior Equipment, including, but not limited to, damage or injury to persons or property, including the Property, caused by reason of any leaking of fuel therefrom, except in any case to the extent caused by the gross negligence or willful misconduct of Landlord or any Indemnitee.

26.21 **Contingency**. Tenant hereby acknowledges that, as of the date hereof, Landlord does not own the Property. This Lease and the obligations and rights of the parties hereunder are expressly contingent upon Landlord purchasing all of the Property, on terms and conditions satisfactory to Landlord in Landlord's sole and absolute discretion. Tenant acknowledges and agrees that Landlord is not making any representation or warranty as to whether the foregoing contingency will be satisfied. Tenant hereby waives and releases Landlord from and against, any and all claims for recovery against Landlord for any loss or damage to Tenant arising out of or in connection with the foregoing contingency not being satisfied, except to the extent Landlord defaults under this Lease. Landlord shall use diligent, commercially reasonable efforts to purchase the Property (on terms and conditions satisfactory to Landlord in Landlord's sole and absolute discretion) on or before November 15, 2021 (the "**Contingency Date**") and, if Landlord purchases the Property, the Landlord shall provide notice to Tenant within 5 business days after such purchase (the "**Contingency Notice**"). If despite its diligent, commercially reasonable efforts, Landlord does not purchase the Property by the Contingency Date, then at any time thereafter until Tenant receives the Contingency Notice from Landlord, Tenant shall have the right to terminate this Lease upon written notice to Landlord. Landlord represents and warrants that, upon satisfaction of the contingency, Landlord shall be the fee simple owner of the Project.

26.22 **Quiet Enjoyment**. Landlord, for itself and its successors and assigns, does hereby covenant with Tenant that, upon observing and performing the covenants and obligations on Tenant's part to be observed and performed under this Lease, Tenant shall and may peaceably and quietly have, hold and enjoy the Premises during the Term without any hindrance of any person, subject, however, to all the terms and provisions of this Lease.

26.23 **Project Amenities**. Landlord, at its sole cost, in accordance with all Applicable Laws and in a good and workmanlike manner, shall construct meeting rooms, a food service area and a fitness center for non- exclusive use of all the tenants of the Project (the "**Project Amenities**") in the building known as Building 700 in Chestnut Run Plaza. Landlord shall use commercially reasonable efforts to substantially complete the construction of the Project Amenities (i.e., the Project Amenities are complete, subject only to incomplete items which do not adversely affect in a material way or materially interfere with Tenant's use of the Project Amenities in accordance with the terms and conditions of this paragraph) on or before November 15, 2022, subject to extension for Excusable Delays (as defined below). Notwithstanding the foregoing, if the construction of the Project Amenities is not substantially completed on or before February 15, 2023, as such date shall be extended for Excusable Delays (such date, as extended, the "**Project Amenities Penalty Date**"), then Tenant shall receive a credit, which credit shall be applied against Base Rent next due and owing under the Lease, of $466.66 per day for each day after the Project Amenities Penalty Date until the date that the Project Amenities have been substantially completed. Upon the completion of the construction of the Project Amenities, during the Term or any extended Term, and subject

to availability and Landlord's reasonable rules and regulations therefor, Tenant, at its sole risk and responsibility, shall have the right to use, on a non-exclusive first-come, first-served basis, in common with other tenants of the Project, the Project Amenities. Neither Landlord nor any Landlord Indemnitee (as defined below) shall have any liability to Tenant or any Tenant Party for any damage, injury, loss, expense, compensation, or claim whatsoever arising out of any such individual's use of the Project Amenities, except due to the gross negligence or willful misconduct of Landlord or any Landlord Indemnitee. Notwithstanding anything contained herein to the contrary, if Tenant enters into an agreement with Landlord to lease any portion of the building known as Building 700 in Chestnut Run Plaza that was to be used for the Project Amenities, then this Section shall be deemed terminated, null and void and of no further force or effect as to such leased portion and this Lease shall otherwise continue in full force and effect.

Landlord and Tenant have executed this Lease as of the day and year first above written.

LANDLORD:
CRISP PARTNERS LLC

By: /s/ Lawrence J. Stuardi
Name: Lawrence J. Stuardi
Title: Member

TENANT:
PRELUDE THERAPEUTICS INCORPORATED

By: /s/ Krishna Vaddi
Name: Krishna Vaddi
Title: Chief Executive Officer

EXHIBIT A

DEFINITIONS

"**ADA**" means the Americans with Disabilities Act of 1990, 42 USC 12111 et seq., as the same may be amended from time to time.

"**Additional Rent**" means all sums other than Base Rent which Tenant is obligated to pay under the Lease, whether or not such sums are designated Additional Rent, such as Real Property Taxes and Operating Expenses.

"**Affiliate**" means (i) any entity controlling, controlled by, or under common control of, Tenant, (ii) any successor, directly or indirectly, to Tenant by merger, consolidation or reorganization, (iii) any entity which purchases all of the interests in or assets of Tenant or an operating division, group, or department of Tenant, or which purchases the majority of Tenant's business conducted in the Premises, (iv) an entity or entities created by the division of Tenant into one or more separate corporations, partnerships, or other entities, (v) in connection with the public offering of the stock of Tenant, any affiliated or successor entity of Tenant, or any entity created in connection with the "spin-off" of an operating division, group, or department of Tenant, including, without limitation, a majority or controlling interest in Tenant.

"**Alteration**" means any addition, alteration or improvement to the Premises, the Property or the Project, as applicable.

"**Applicable Interest Rate**" means the lesser of (i) interest at the rate of 12% per month, or (ii) the maximum rate permitted by Applicable Laws.

"**Applicable Laws**" mean all applicable laws, statutes, codes, ordinances, orders, zoning, rules, regulations, conditions of approval and requirements of all federal, state, county, municipal and governmental authorities and all administrative or judicial orders or decrees and all permits, licenses, approvals and other entitlements issued by governmental entities, and rules of common law, relating to or affecting the Property, the Premises or the Building or the use or operation thereof, whether now existing or hereafter enacted, including, without limitation, the ADA, Environmental Laws and CC&Rs.

"**Building Systems**" means any electrical, mechanical, plumbing, heating, ventilating, air conditioning, sprinkler, life safety or security systems serving the Building.

"**CC&Rs**" means any covenants, conditions and restrictions encumbering the Land, the Property and/or the Project or any supplement thereto recorded in any official or public records with respect to the Property and/or the Project or any portion thereof. Landlord represents and warrants to Tenant that, as of the Effective Date, there are no CC&Rs affecting the Premises, except only for the CC&Rs set forth in Section B, Part II of that certain commitment for title insurance Order Number: 9130913; 763277/216592 dated July 23, 2021 issued by Fidelity National Title Insurance Company, a copy of which is attached hereto as **Exhibit Q** (collectively, the "**Permitted Exceptions**"). Landlord represents and warrants to Tenant that, as of the date hereof, the Permitted Exceptions shall not materially interfere with the use of the Premises for general office, laboratory and research purposes. Except to the extent required by any governmental authority having jurisdiction or any Applicable Laws, during the Term, Landlord shall not enter into any CC&Rs with respect to any portion of the Project used for Tenant's business operations, without Tenant's prior written consent, such consent not to be unreasonably withheld, conditioned or delayed and to be promptly given by Tenant so long as such CC&Rs do not materially interfere with Tenant's business operations at the Premises or do not materially and adversely modify either Tenant's obligations or rights and/or Landlord's duties under the terms of this Lease. Landlord represents and warrants to Tenant that, as

of the date hereof, the entire Project consists of one tax parcel. If, during the Term or any extended Term, Landlord subdivides the Project, then Landlord shall enter into commercially reasonable CC&Rs with respect to the subdivided Project, provided that Landlord obtains Tenant's prior written consent of the commercially reasonable CC&Rs, such consent not to be unreasonably withheld, conditioned or delayed and to be promptly given by Tenant so long as such CC&Rs do not materially interfere with Tenant's business operations at the Premises and do not materially and adversely modify Tenant's obligations and rights and Landlord's obligations under the terms of this Lease.

"**Environmental Laws**" means all applicable present and future statutes, regulations, ordinances, rules, codes, judgments, orders or other similar enactments of any governmental authority or agency regulating or relating to health, safety, or

environmental conditions on, in, under, or about the Premises or the environment, including without limitation, the following: the federal Comprehensive Environmental Response, Compensation and Liability Act; the federal Resource Conservation and Recovery Act, the federal Clean Air Act; the federal Water Pollution Control Act; and all state and local counterparts thereto, and any regulations or policies promulgated or issued thereunder.

"**Estimated Expenses**" means the amount of Landlord's then current estimate for Tenant's Share of Real Property Taxes and Operating Expenses.

"**Exterior Areas**" means all areas and facilities as provided by Landlord from time to time for the use or enjoyment of Tenant and all tenants in the Project, including, if applicable, driveways, sidewalks, parking, loading and landscaped areas.

"**Hazardous Materials**" means any substance, material, waste, pollutant, or contaminant listed or defined as hazardous, toxic or dangerous under any Environmental Laws, including asbestos, asbestos containing materials, polychlorinated, per- and polyfluoroalkyl substances, and petroleum, including crude oil or any fraction thereof, natural gas liquids, liquefied natural gas, or synthetic gas usable for fuel (or mixtures of natural gas and such synthetic gas) and explosives, flammables, or radioactive substances of any kind, and medical and or laboratory waste including animal carcasses or tissue.

"**Indemnitees**" means Landlord's affiliated entities, and each of Landlord's and Landlords' affiliated entities' respective trustees, members, managers, principals, beneficiaries, partners, directors, officers, employees, shareholders, Mortgagees, agents, contractors, representatives, successors and assigns.

"**Land**" means the parcel(s) of land on which the Building is located or situated or the portion thereof allocated by Landlord to the Building.

"**Lease Year**" means the period from the Commencement Date through the succeeding 12 full calendar months (provided, however, that, if the Commencement Date does not occur on the first day of a calendar month, then the first Lease Year shall include the partial calendar month in which the Commencement Date occurs and the succeeding 12 full calendar months) and each successive 12-month period thereafter during the Term.

"**Maintain**" or "**Maintenance**" means to provide such maintenance, repair and, to the extent reasonably necessary and appropriate, replacement, as may be needed to keep the subject property in good condition and repair.

"**Mortgage**" means all ground leases, master leases and all mortgages and deeds of trust or other lien or encumbrance which now or hereafter affect the Premises, the Property or the Project or Landlord's interest therein (including any modifications, renewals or extensions thereof and all amendments thereto).

"**Mortgagee**" means the party having the benefit of a Mortgage.

"**Property**" means the Premises, the Building, the Land, the Exterior Areas, and all appurtenances to them. "**Rent**" means Base Rent and all Additional Rent payable under the Lease.

"**Taken**" or "**Taking**" means acquisition by a public authority under governmental law, ordinance, or regulation, or by right of eminent domain, or by private purchase in lieu thereof.

"**Tenant Party**" or "**Tenant's Parties**" means Tenant's or Tenant's affiliates' employees, agents, customers, visitors, representatives, invitees, licensees, contractors, assignees or subtenants.

"**Tenant's Property**" means all fixtures, furniture, equipment (including any racking and/or telecommunications, data and/or security equipment), merchandise, inventory, and all other personal property and other contents contained within the Premises whether installed in, or brought upon, the Premises by Tenant, a Tenant Party or Tenant's assignees, subtenants or occupants.

"**Transfer**" means (i) any assignment, transfer, pledge or other encumbrance of all or a portion of Tenant's interest in this Lease, or (ii) any sublease, license or concession of all or a portion of Tenant's interest in the Premises.

EXHIBIT B

PLAN SHOWING PREMISES AND PARKING AREAS

EXHIBIT C

RULES AND REGULATIONS

1. Tenant shall not impair in any way the fire safety system and shall comply with all safety, fire protection and evacuation procedures and regulations established by Landlord, any governmental agency or any insurance company insuring the Building, including without limitation the insurer's Red Tag Permit System, Hot Work Permit System and all other fire protection impairment procedures. No person shall go on the roof without Landlord's prior written permission.

2. Skylights, windows, doors and transoms shall not be covered or obstructed by Tenant.

3. Any sidewalks, lobbies, passages, elevators and stairways shall not be obstructed or used by Tenant for any purpose other than ingress and egress from and to the Premises. Landlord shall in all cases retain the right to control or prevent access by all persons whose presence, in the reasonable judgment of Landlord, shall be prejudicial to the safety, peace or character of the Property. Without Landlord's prior written consent, Tenant shall not hang, install, mount, suspend or attach anything from or to any sprinkler, plumbing, utility or other lines. If Tenant hangs, installs, mounts, suspends or attaches anything from or to any doors, windows, walls, floors or ceilings, then Tenant shall spackle and sand all holes and repair any damage caused thereby or by the removal thereof at or prior to the expiration or termination of the Lease.

4. No antenna, aerial, discs, dishes or other such device shall be erected on the roof or exterior walls of the Premises, or on the grounds, without the written consent of the Landlord in each instance. Any device so installed without such written consent shall be subject to removal by Tenant, at Tenant's sole cost and expense, without notice at any time. Tenant, at its sole cost and expense, shall repair any damage resulting from such removal and shall restore the Property to good order and condition.

5. No loud speakers, televisions, phonographs, radios or other devices shall be used in a manner so as to be heard or seen outside of the Premises without the prior written consent of the Landlord.

6. The outside areas immediately adjoining the Premises shall be kept clean and free from dirt and rubbish introduced by the Tenant to the reasonable satisfaction of Landlord and Tenant shall not place or permit any obstruction or materials in such areas or permit any work to be performed outside the Premises.

7. No open storage shall be permitted in the Exterior Areas, except as expressly permitted under this Lease.

8. All garbage and refuse shall be placed in containers placed at the location designated for refuse collection, in the manner specified by Landlord.

9. Intentionally deleted.

10. Neither Tenant nor its agents, employees, contractors, guests or invitees shall smoke in the Exterior Areas, unless a portion of the Exterior Areas have been declared a designated smoking area by Landlord, nor shall the above parties allow smoke from the Premises to emanate into the Exterior Areas or any other part of the Building. Landlord shall have the right to designate the Building (including the Premises) as a non-smoking building.

11. Tenant shall have the right, at Tenant's sole risk and responsibility, to use 3.5 parking spaces per 1,000 rentable square feet of space in the Premises, on an unreserved and non-exclusive basis,

in common with other tenants of the Project in those areas designated by Landlord for non-reserved parking as shown on **Exhibit B**. Tenant shall comply with all reasonable parking regulations promulgated by Landlord from time to time for the orderly use of the vehicle parking area, so long as any such regulations do not materially interfere with Tenant's use and occupancy of the Premises and do not materially increase Tenant's obligations nor materially decrease Tenant's rights under this Lease. The parking spaces shall be used for parking by vehicles no larger than full-size passenger automobiles, SUVs or pick-up trucks ("**Permitted Size Vehicles**"). No vehicle or equipment shall remain upon the Exterior Area longer than 72 hours without prior notice to Landlord and Landlord prior written approval (such approval not to be unreasonably withheld, conditioned

12. or delayed). Parked vehicles shall not be used for vending or any other business or other activity while parked in the parking areas. Vehicles other than Permitted Size Vehicles shall be parked and loaded or unloaded as reasonably directed by Landlord. Tenant shall not permit or allow any vehicles that belong to or are controlled by Tenant or Tenant's employees, suppliers, shippers, customers, contractors or invitees to be loaded, unloaded, or parked in areas other than those designated by Landlord for such activities. If Tenant permits or allows any of the prohibited activities described in this Section, then Landlord shall have the right, without notice, in addition to such other rights and remedies that it may have, to remove or tow away the vehicle involved and charge the cost to the vehicle owner, which cost shall be immediately payable upon demand by Landlord. No vehicle or equipment of any kind shall be dismantled or repaired or serviced on the Exterior Area, except in the event of an emergency. All vehicles entering or parking in the parking areas shall do so at owner's sole risk and Landlord assumes no responsibility for any damage, destruction, vandalism or theft.

13. Tenant shall not overload the floors or structure of the Building beyond the load limit (to be set forth in the Final TI Construction Documents (as defined in the Work Letter)) from and after the date Tenant has been made aware of such load limit.

14. Tenant shall not use or keep in the Building (i) intentionally deleted, (ii) any explosive or highly flammable material, or (iii) any form of hemp or marijuana or ingredient thereof (e.g., THC or CBD) or any product containing same.

15. Tenant assumes all responsibility for protecting the Premises from theft and vandalism.

16. Tenant shall comply with any reasonable move-in/move-out rules provided by Landlord.

17. Tenant shall not place oversized cartons, crates or boxes in any area for trash pickup without Landlord's prior written approval.

18. Tenant shall use commercially reasonable efforts to cause all Tenant's Parties to comply with these Building Rules.

19. Landlord shall not be responsible or liable to Tenant for the non-performance of any other tenant or occupant of the Project of the Rules and Regulations. Landlord agrees to use commercially reasonable efforts to uniformly enforce the Rules and Regulations against other tenants or occupants of the Project.

20. Capitalized terms used but not defined herein shall have the meanings given in the Lease.

EXHIBIT D

FORM OF LIEN SUBORDINATION

LANDLORD'S SUBORDINATION

The undersigned, _____ ("Landlord"), owner of the building located at _____, a portion of which containing approximately _____ rentable square feet (the "Premises") is leased to _____, a _____ ("Tenant"), pursuant to that certain lease agreement dated _____, 20__ (the "Lease"), in consideration of the sum of One Dollar ($1.00) and other good and valuable consideration, and at Tenant's request, hereby agrees that no lien or claim shall be asserted by Landlord against any of the property owned by Tenant and located at the Premises and described on Exhibit "A" attached hereto and made part hereof (the "Subject Property"), which shall be superior in claim or lien priority to any duly perfected security interest of _____ ("Lender").

Landlord expressly reserves the right to make any claims and to assert and enforce any liens against Tenant, generally or against the property of Tenant, provided that, to the extent any such property is Subject Property, Landlord's claim of lien priority shall be junior to that of Lender.

Landlord agrees that Lender may enter upon the Premises at any reasonable time during the term of the Lease to inspect, take possession of and remove the Subject Property from the Premises. In the event the Premises are vacated by Tenant or the Lease is terminated by Landlord before its natural expiration, Landlord shall promptly provide Lender with notice thereof ("Landlord's Notice") at Lender's mailing address for notices stated below. Landlord shall have no duty to secure, preserve, protect, care for, insure, take possession of, collect or dispose of any of the Subject Property, and in no event shall Landlord be deemed Lender's agent with respect to any of the Subject Property. Lender shall have fifteen (15) days following the date Lender receives Landlord's Notice to notify Landlord in writing ("Lender's Notice") that Lender intends on accessing the Premises within the Access Period (as defined below) in accordance with this Landlord's Subordination (the "Access Rights"). In the event Lender timely delivers Lender's Notice to Landlord, Lender shall have the right to access the Premises, on or before the date that is forty-five (45) days after the date Landlord receives Lender's Notice (the "Access Period") and Lender may take possession of and remove any of the Subject Property from the Premises. Notwithstanding the foregoing, Lender's Access Rights shall be conditioned upon Lender paying to Landlord, in advance, without notice, demand or setoff, base rent and operating expenses (as described in the Lease) for the entire Access Period, at the rates then applicable under the Lease (calculated on a per diem basis); it being agreed, however, that, in no event shall Lender be obligated to pay base rent and operating expenses for any period to the extent Tenant has paid such rent and operating expenses for such period. In the event Lender (a) fails to timely deliver Lender's Notice to Landlord or otherwise notifies Landlord that Lender does not opt to exercise its Access Rights, or (b) fails to exercise its Access Rights and remove all of the Subject Property from the Premises, then thereafter, (i) Lender shall be deemed to have irrevocably abandoned the Subject Property and Lender shall have no further rights, interests or claims in, to or under the Subject Property, and (ii) Landlord may remove and dispose of the Subject Property and Lender hereby releases Landlord from any claim or liability arising therefrom.

Lender shall indemnify, defend and hold harmless Landlord from any and all claims, actions, damages, liabilities and expenses in connection with bodily injury or property damage occasioned by Lender's entry on the Premises and/or removal of the Subject Property by Lender. Tenant hereby acknowledges and agrees that Tenant shall not have or assert, and affirmatively waives, all claims against Landlord arising from Landlord granting Lender access to the Premises and the Subject Property pursuant to the terms of this Landlord's Subordination. Lender agrees to reimburse Landlord for the costs of repair

for any damage done to the Premises as a result of Lender's entry and/or removal of any of the Subject Property, within thirty (30) days following Landlord's demand therefor accompanied by reasonable backup documentation. In no event shall Lender, or anyone acting through Lender, be permitted to conduct a sale or auction of the Subject Property at the Premises.

If any action is brought by any party against any other party, relating to or arising out of this Landlord's Subordination, the prevailing party shall be entitled to recover from the other party reasonable attorneys' fees, costs and expenses incurred in connection with the prosecution or defense of such action.

This Landlord's Subordination shall inure to the benefit of and be binding upon the parties hereto and their respective successors and assigns. This Landlord's Subordination and all obligations of Landlord hereunder shall terminate upon the satisfaction of the loan between Tenant and Lender.

This Landlord's Subordination may be executed in counterparts, each of which shall constitute an original, but which, taken together, shall be one original agreement. Any counterpart of this Landlord's Subordination may be executed and delivered by electronic transmission (including, without limitation, e- mail) or by portable document format (pdf) and shall have the same force and effect as an original.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK; SIGNATURE PAGE TO FOLLOWS]

IN WITNESS WHEREOF, the parties hereto, intending to be legally bound hereby, have caused this document to be duly signed on the dates set forth opposite their respective signatures.

LANDLORD:

Date:

Name:
Title:

LENDER:

Date:

Name:
Title:

Lender’s mailing address for notices is:

TENANT:

Date:

Name:
Title:

EXHIBIT “A” TO LANDLORD SUBORDINATION

[Description of Subject Property from the applicable Loan instruments to be added here]

EXHIBIT E

MINIMUM SERVICE CONTRACT REQUIREMENTS

Service Contract. The Service Contract for the HVAC System required under Section 12.1 of the Lease must include the following:

a. The service contract must become effective within 30 days of Tenant's occupancy of the Premises, and service visits must be performed on at least a quarterly basis unless otherwise agreed in writing by Landlord. The maintenance contract must include the following services:

b. Adjust belt tension;

c. Lubricate all moving parts, as necessary;

d. Inspect and adjust all temperature and safety controls;

e. Check refrigeration system for leaks and operation;

f. Check refrigeration system for moisture;

g. Inspect compressor oil level and crank case heaters;

h. Check head pressure, suction pressure and oil pressure;

i. Inspect air filters and replace when necessary;

j. Check space conditions;

k. Check condensate drains and drain pans and clean, if necessary;

l. Inspect and adjust all valves;

m. Check and adjust dampers; and

n. Run machine through complete cycle.

EXHIBIT F

CONFIRMATION OF LEASE TERMS CERTIFICATE

[Date]

Tenant Name & Address

Re: Single-Tenant Triple Net Lease dated _____, 20____ (the "Lease"), between _____ ("Landlord") and _____ ("Tenant") for an approximate _____ rentable square foot premises ("Premises") located in Landlord's building ("Building") at _____.

Dear Tenant:

This letter serves to confirm the following with respect to the Lease:

Commencement Date: _____, 20__

Expiration Date: _____, 20__

Base Rent Schedule:

Period	Monthly Base Rent
Month/Day/Year	Amount
Month/Day/Year	Amount
Month/Day/Year	Amount
Month/Day/Year	Amount
Month/Day/Year	Amount

Notwithstanding the foregoing, monthly installments of Base Rent (as well as monthly installments of Real Property Taxes and Operating Expenses) shall be abated for the first [_] full calendar months of the Term.

Please indicate your agreement with this letter by signing where indicated below and returning same to Landlord.

Sincerely,

CRISP Partners LLC, a Delaware limited liability company

By:
Name:
Title:

Acknowledged and Accepted:

Prelude Therapeutics Incorporated

By:
Name:
Title:

Dated:

EXHIBIT G

WORK LETTER

This **Exhibit G** (referred to herein and in the Lease as the "**Work Letter**") accompanies and forms a material part of that certain Single-Tenant Triple Net Lease between **CRISP PARTNERS LLC**, as Landlord, and **PRELUDE THERAPEUTICS INCORPORATED**, as Tenant (the "**Lease**"), and sets forth the respective obligations of Landlord and Tenant for the design and construction of the Base Building Work, the Tenant Improvements and the Tenant Fixturing (as those terms are defined herein). Any capitalized terms used herein and not otherwise defined herein shall have the meaning ascribed to such terms as set forth in the Lease.

1. **Project Milestone Schedule; Preliminary Plans**

(a) The "**Project Milestone Schedule**" attached hereto and made a part hereof as **Exhibit G-1** sets forth the estimated but targeted time periods and sequencing of each distinct portion, aspect or phase of the activities and tasks to be accomplished by Landlord and Tenant with respect to the design, planning, construction and completion of the Base Building Work and the Tenant Improvements, respectively, as applicable, for: (A) the submittal by Landlord's Representative to Tenant of respective installments or phases of the (i) Proposed Base Building Plans and Specifications, and (ii) Proposed TI Design Development Plans and Specifications and the Proposed TI Construction Documents (as those terms are defined below), respectively, (B) Tenant's Design Professional's (as defined below) review thereof and reasonable comments thereto to Landlord and Tenant, and (C) the resubmittal of revised versions of such installment or phase of the Proposed Base Building Plans and Specifications and Proposed TI Design Development Plans and Specifications and the Proposed TI Construction Documents, respectively, by Landlord to Tenant. Upon (i) the commencement of the Base Building Work, and (ii) upon the acceptance of a GMP Proposal (as defined below), the Preliminary Project Milestone Schedule shall be updated by mutual written agreement of Landlord and Tenant (as revised, the "**Project Milestone Schedule**"), provided that the Scheduled TI Substantial Completion Date shall not be modified. The Project Milestone Schedule shall not be modified during the construction of the Base Building Work or the Tenant Improvements, except (i) as a result of Excusable Delay (as defined below), or (ii) as Landlord and Tenant may otherwise mutually agree in writing.

(b) Attached hereto as **Exhibit G-2** are preliminary descriptions of the specifications for the Base Building Work. Attached hereto as **Exhibit G-3** are plans depicting the location of the Premises. **Exhibit G-2** and **Exhibit G-3** (collectively, the "**Preliminary Plans**") have been approved by Tenant and Landlord. Landlord and Tenant acknowledge that space planning of the Premises has not been started and that **Exhibit G-3** is attached solely for purposes of depicting the location of the Premises.

2. **Construction Representatives**

(a) Landlord and Tenant acknowledge that the performance of certain aspects of the Base Building Work and the Tenant Improvements, respectively, are either dependent upon prior performance by the other party of aspects of that party's work or must be performed concurrently or in particular sequence with the performance of that other party's work, including, but not limited to, design and plan preparation. This approach, by necessity, requires continuous cooperation and coordination of plan preparation and review procedures and work schedules intended to facilitate and coordinate such critical work items which affect each party's performance. To that end, in addition to the terms and conditions set forth herein, Landlord and Tenant will each assign a designated representative (with respect to Tenant, the "**Tenant's Construction Representative**" and, with respect to Landlord, the "**Landlord's Construction Representative**") who will facilitate and coordinate design and construction, and Landlord

and Tenant may rely on all instructions, consents, agreements, changes and modifications made by such representatives as having been given or made by, and binding upon, Landlord or Tenant, as the case may be.

3. **Base Building Work**

(a) Description; Contractor. The "**Base Building Work**" shall mean (i) the Building and Exterior Areas and all site work and other improvements to be constructed in connection therewith by or on behalf of Landlord, as more particularly described in Final Base Building Plans and Specifications which are to be prepared as set forth below (as defined below), and (ii) performance of vapor intrusion testing on Buildings 700 and 709 and the surrounding areas and if such testing shows exceedances of applicable Environmental Laws, including, but not limited to, OSHA requirements, installation of vapor mitigation systems, which Landlord shall be responsible for maintaining throughout the Term, all of which shall be at Landlord's sole cost and expense. As used in the Lease and this Work Letter, the term "**Landlord's Contractor**" shall mean a licensed general contractor reasonably selected by Landlord and under contract with Landlord to perform the Base Building Work on behalf of Landlord. Landlord and Tenant have agreed that the following contractors shall be invited to bid both the Base Building Work and the Tenant Improvements and one of the following shall be selected unless otherwise mutually agreed by Landlord and Tenant: Bancroft, DiSabatino, EDIS, Norwood, and Wohlsen. Landlord may use more than one Landlord's Contractor to perform the Base Building Work. Subject to the terms of Section 4 below, Landlord's Contractor may also perform the Tenant Improvements.

(b) Base Building Plans and Specifications.

(i) Landlord shall cause L2P ("**Tenant's Design Professional**") to prepare and forward to Tenant's Construction Representative, in accordance with the Preliminary Project Milestone Schedule, a complete set of the proposed final plans and specifications for the Base Building Work, which shall be consistent with the Preliminary Plans (the "**Proposed Base Building Plans and Specifications**"). The parties acknowledge and agree that the time periods set forth in the Project Milestone Schedule for the delivery, review and approval of Proposed Building Plans and Specifications are targeted outside dates and the parties will endeavor in good faith to deliver, review and approve all such plans in fewer days than those set forth in the Project Milestone Schedule, and shall cooperate in scheduling meetings and calls as reasonably required. Landlord shall use commercially reasonable efforts to provide Tenant with reasonable advance notice of the date on which the initial Proposed Base Building Plans and Specifications will be ready for Tenant's review. Within 5 business days after Tenant's Construction Representative's receipt of the Proposed Base Building Plans and Specifications, Tenant shall give its written approval or rejection thereof (such approval not to be unreasonably withheld, conditioned or delayed), with all changes "bubbled" or otherwise prominently identified, to Landlord's Construction Representative and Tenant's Design Professional. Within 5 business days after Tenant's Construction Representative's receipt of any revised Proposed Base Building Plans and Specifications, Tenant shall deliver to Landlord's Construction Representative and Tenant's Design Professional, Tenant's written approval or rejection thereof (such approval not to be unreasonably withheld, conditioned or delayed), with all changes "bubbled" or otherwise prominently identified. This process, each party having 5 business days to respond to the other's reasonable comments and revisions, shall continue until the Proposed Base Building Plans and Specifications have been approved (such approval(s) not to be unreasonably withheld, conditioned or delayed) by both parties hereto. Tenant's failure to approve or reject the Proposed Base Building Plans and Specifications within 5 business days after Tenant's Construction Representative's first receipt of Landlord's first revised Proposed Base Building Plans and Specifications shall be deemed a Tenant Delay. The Proposed Base Building Plans and Specifications as so approved are referred to hereinafter as the "**Preliminary Base Building Plans and Specifications**."

(ii) Promptly following the approval of the Preliminary Base Building Plans and Specifications, Landlord shall submit the Preliminary Base Building Plans and Specifications to the applicable governmental authority(ies) having jurisdiction over the Premises (collectively, the "**Government Agency**") as necessary for the Preliminary Base Building Plans and Specifications and Base Building Work to comply with all Applicable Laws, for review and approval by such Government Agency, and the issuance by such Government Agency of any permits, approvals, licenses or certificates as are necessary for the Preliminary Base Building Plans and Specifications and Base Building Work to comply with all Applicable Laws. Landlord shall notify Tenant's Construction Representative in writing of any and all changes or modifications to the Preliminary Base Building Plans and Specifications required by such Government Agency. If any such changes or modifications by such Government Agency are materially inconsistent or incompatible with the Preliminary Plans or Tenant Improvements, then Landlord's Construction Representative and Tenant's Construction Representative shall meet with such Governmental Agency within 3 business days, or as immediately as is practical after Tenant's Construction Representative's receipt of the notice of such changes or modifications required by any such Government Agency, to mutually determine, in good faith, what material changes or modifications are practical and acceptable to all parties (such determination not to be unreasonably withheld, conditioned, or delayed). The Preliminary Base Building Plans and Specifications as so approved, and as so approved by any and all Government Agency, subject to any changes or modifications required by any such Government Agency, are referred to as the "**Final Base Building Plans and Specifications**."

(iii) Any approval by Landlord of the Proposed Base Building Plans, Preliminary Base Building Plans and Specifications, or Final Base Building Plans and Specifications (or any iteration thereof) shall not be a representation or warranty of Landlord that the Base Building Work or such documents are adequate for Tenant's particular manner of use of the Premises.

(c) Permits. Landlord, at Landlord's cost, shall be responsible for obtaining all building permits and other governmental licenses, permits and approvals necessary for the construction of the Base Building Work. Tenant shall cooperate with Landlord, at no material cost to Tenant, in Landlord's efforts to obtain such permits and other approvals.

(d) Performance of the Base Building Work. Landlord shall complete the Base Building Work in accordance with the Final Base Building Plans and Specifications.

(e) Costs of the Base Building Work. Except as otherwise expressly set forth herein, Landlord shall be solely responsible for all costs and expenses incurred in connection with designing and constructing the Base Building Work.

(f) Base Building Work Substantial Completion. Subject to Excusable Delays (as defined below), Landlord shall use commercially reasonable efforts to cause the Substantial Completion of the Base Building Work to occur on or before the applicable date therefor set forth in the Project Milestone Schedule (the "**Scheduled Base Building Work Substantial Completion Date**"). As used in this Section, the term "**Substantial Completion of the Base Building Work**" (or any variation or derivation thereof) shall mean that Landlord has delivered to Tenant a certificate of Tenant's Design Professional certifying to Tenant that the Base Building Work has been completed in accordance with the Final Base Building Plans and Specifications and all Applicable Laws, subject only to incomplete items which will not materially affect or impair Landlord's ability to perform the Tenant Improvements or preclude the issuance of a temporary or permanent certificate of occupancy upon the final completion of the Tenant Improvements and Tenant Fixturing. The date that Substantial Completion of the Base Building Work actually occurs is referred to as the "**Base Building Work Substantial Completion Date**." Notwithstanding anything contained herein, Tenant and Landlord mutually agree and understand that the Base Building Work and the Tenant Improvements and Tenant Fixturing will occur concurrently.

(g) Base Building Punch List. Upon Substantial Completion of the Base Building Work, Landlord, in consultation with Tenant, shall generate a punch list of all asserted incomplete work items in Landlord's construction of the Base Building Work (the "**Base Building Punch List**"). Landlord shall complete all items on the Base Building Punch List within 60 days after the date of the generation of the Base Building Punch List, unless due to Excusable Delays. Given that the Base Building Work, the Tenant Improvements, and Tenant Fixturing will occur concurrently to an extent, Tenant and Landlord mutually agree and understand that the Base Building Punch List and the Tenant Improvements Punch List may overlap.

4. **Tenant Improvements; Design and Bidding; Construction of Tenant Improvements by Landlord's TI Contractor**

(a) Description. The interior finish work of the Premises as more particularly described in the Final TI Construction Documents shall constitute and be referred to herein as the "**Tenant Improvements**". IT IS ACKNOWLEDGED BY ALL PARTIES THAT THE NATURE OF THIS PROJECT REQUIRES A VERY HIGH DEGREE OF COOPERATION AND COORDINATION BETWEEN LANDLORD AND TENANT, AND THEIR RESPECTIVE DESIGN PROFESSIONALS. ALL PROCESSES AS DESCRIBED HEREIN ARE INTENDED TO FOSTER THE HIGHEST DEGREE OF COOPERATION AND COORDINATION BETWEEN LANDLORD AND TENANT, AND THEIR RESPECTIVE DESIGN PROFESSIONALS. Landlord and Tenant shall use expeditious, diligent, good faith, commercially reasonable efforts to cause Tenant's Design Professional to coordinate with Landlord's Construction Representative and Tenant's Construction Representative, to facilitate the efficient and timely preparation and approval of the Proposed TI Design Development Plans and Specifications on or before the respective date or dates set forth herein or in the Preliminary Project Milestone Schedule.

(b) Proposed TI Design Development Plans and Specifications. Landlord and Tenant shall use expeditious, diligent, good faith, commercially reasonable efforts to cause Tenant's Design Professional to prepare and forward to Tenant's Construction Representative, in accordance with the sequence and interim dates and time periods set forth in the Preliminary Project Milestone Schedule, a complete set of design development plans for the Tenant Improvements, which shall consist of space plans, drawings and other plans, specifications and documents to fix and describe the size, character and conditions of the Tenant Improvements (and each aspect and component thereof) (collectively, the "**Proposed TI Design Development Plans and Specifications**"), which are approved by Landlord and Tenant and which are sufficient for purposes of soliciting proposals from general contractors (and competitive bids from a minimum of 3 subcontractors) to perform the Tenant Improvements for a guaranteed maximum price ("**GMP Proposals**").

(c) Proposed TI Construction Documents. Following approval of the Proposed TI Design Development Plans and Specifications as provided below, Landlord shall cause Tenant's Design Professional to promptly prepare and forward to Landlord's Construction Representative and Tenant's Construction Representative for review and approval by Landlord and Tenant from time to time proposed final construction documents for the Tenant Improvements (which shall be consistent with and conform to the Proposed TI Design Development Plans and Specifications as approved), which shall consist of drawings, plans and specifications setting forth in detail the requirements for the construction of the Tenant Improvements and each aspect and component thereof (collectively, the "**Proposed TI Construction Documents**"). The Proposed TI Construction Documents shall be approved as set forth below.

(d) Document Review and Approval.

(i) In order to expedite the preparation, review and approval of the Proposed TI Design Development Plans and Specifications and the Proposed TI Construction Documents, the

Proposed TI Design Development Plans and Specifications and the Proposed TI Construction Documents may be prepared, submitted, reviewed, revised, resubmitted for review and finalized on a so-called "rolling" basis. The parties acknowledge and agree that the time periods set forth in the Project Milestone Schedule for the delivery, review and approval of Proposed TI Design Development Plans and Specifications and the Proposed TI Construction Documents, respectively, are targeted outside dates and the parties will endeavor in good faith to deliver, review and approve all such plans in fewer days than those set forth in the Project Milestone Schedule, and shall cooperate in scheduling meetings and calls as reasonably required. Landlord shall use commercially reasonable efforts to provide Tenant with reasonable advance notice of the date on which the Proposed TI Design Development Plans and Specifications will be ready for Tenant's review. Within 5 business days after Tenant's Construction Representative's receipt of any Proposed TI Design Development Plans and Specifications or any Proposed TI Construction Documents, Tenant shall give its written approval thereof (such approval not to be unreasonably withheld, conditioned or delayed) or rejection thereof (with all changes "bubbled" or otherwise prominently identified). If Tenant properly disapproves of any of the Proposed TI Design Development Plans and Specifications or Proposed TI Construction Documents, Landlord shall deliver or cause the Tenant's Design Professional to deliver to Tenant revised documents, as applicable, which respond to Tenant's requests for changes. Tenant shall then again so approve (such approval not to be unreasonably withheld, conditioned or delayed) or specify any such variance within 5 business days. Tenant's failure to so approve or reject any of the Proposed TI Design Development Plans and Specifications or Proposed TI Construction Documents within 5 business days after Tenant's Construction Representative's and Tenant's Design Professional's first receipt of Landlord's first revised documents, as applicable, shall be deemed a Tenant Delay. Any changes to the Proposed TI Design Development Plans and Specifications or the Proposed TI Construction Documents, as applicable, required by Tenant shall be in writing and shall be noted on the Proposed TI Design Development Plans and Specifications or the Proposed TI Construction Documents, as applicable.

(ii) Promptly following receipt of reasonable changes submitted by Tenant in compliance with the terms and conditions set forth above, Landlord shall cause Tenant's Design Professional to incorporate such reasonable changes into the applicable installment or phase of the Proposed TI Design Development Plans and Specifications or the Proposed TI Construction Documents, as applicable, provided, however, any such change must be in compliance with all applicable codes and, furthermore, Tenant shall provide written acknowledgement of any cost impact related thereto as provided below.

(iii) The submittal, review and resubmittal process shall continue until such time as the applicable installment or phase of the Proposed TI Design Development Plans and Specifications and Proposed TI Construction Documents, as applicable, are approved. Landlord and Tenant shall expeditiously, diligently and in good faith use their commercially reasonable efforts to cause the Proposed TI Design Development Plans and Specifications or Proposed TI Construction Documents to be mutually agreed upon as immediately as possible under the circumstances. The Proposed TI Design Development Plans and Specifications and Proposed TI Construction Documents as approved by Tenant are referred to as the "**TI Design Development Plans and Specifications**" and "**Final TI Construction Documents**", respectively.

(iv) In addition to and without in any way limiting any other provision of this Work Letter, Landlord and Tenant (and their respective Construction Representatives and Design Professionals) shall fully cooperate with the other (and their respective Construction Representatives and Design Professionals), act reasonably, provide and exchange all information, and shall meet and confer as often as reasonably necessary, to achieve and coordinate to the maximum extent possible the timely preparation, submission, review and completion of the TI Design Development Plans and Specifications and the Final TI Construction Documents, respectively, and to ensure the compatibility of the Base Building Work with the Tenant Improvements.

(e) Procurement of Bids. Following completion of the TI Design Development Plans and Specifications (the "**Contractor Bidding Period**"), Landlord shall use reasonable efforts to obtain, on or before the date set forth therefor in the Preliminary Project Milestone Schedule, from Landlord's Contractors, a GMP Proposal to perform the Tenant Improvements based on the TI Design Development Plans and Specifications (the "**Landlord's Contractor's GMP Proposal**"). The Landlord's Contractor's GMP Proposal shall include all reasonable documentation as may be reasonably required by Landlord or Tenant to effectively evaluate the Landlord's Contractor's GMP Proposal. Landlord shall provide Tenant with a copy of all Landlord's Contractor's GMP Proposals and allow Tenant to review same. Landlord and Tenant, in their commercially reasonable discretion, shall mutually agree, in good faith, upon the selection of the winning Landlord's Contractor's GMP Proposal. Tenant's failure to provide Landlord with Tenant's selection of the winning Landlord's Contractor's GMP Proposal within 5 business days after Tenant's receipt of all 3 Landlord's Contractor's GMP Proposals shall be deemed a Tenant Delay.

(f) Landlord's TI Construction Contract. Promptly after the selection of the winning Landlord's Contractor's GMP Proposal as set forth above, Landlord shall enter into a contract ("**Landlord's TI Construction Contract**") with the winning Landlord's Contractor (such contractor is hereinafter referred to as "**Landlord's TI Contractor**"), in form and substance satisfactory to Landlord, for the construction of the Tenant Improvements in accordance with this Work Letter and based on the winning Landlord's Contractor's GMP Proposal. In no event shall Landlord commence (or cause to be commenced) construction of the Tenant Improvements until a Landlord's Contractor's GMP Proposal is selected as set forth above, and Landlord has entered into Landlord's TI Construction Contract. Tenant shall be named in the Landlord's TI Construction Contract as a third-party beneficiary of Landlord's rights and remedies thereunder, and expressly granted the right to enforce all guarantees and warranties provided by Landlord's TI Contractor, and its subcontractors and suppliers pursuant to the Landlord's TI Construction Contract.

(g) Permits. Except as otherwise expressly set forth herein, Landlord shall be responsible for obtaining, at Tenant's cost, all building permits and other governmental permits and approvals necessary for the construction of the Tenant Improvements. Tenant shall cooperate with Landlord, at no material cost to Tenant, in Landlord's efforts to obtain such permits and other approvals.

(h) Costs of the Tenant Improvements; Allowance. Landlord agrees to complete the Tenant Improvements, at Tenant's sole cost and expense (but subject to the application of the Allowance (as defined below) as set forth below), equal to the aggregate of all costs, expenses and fees incurred by or on behalf of Landlord in connection therewith (the "**Tenant's Cost**"), including, without limitation, (i) architectural, engineering and design costs, (ii) the cost charged to Landlord by Landlord's general contractor and all subcontractors for performing the Tenant Improvements, (iii) the cost to Landlord of performing directly any portion of the Tenant Improvements and (iv) Landlord's construction management fee for Landlord's supervision of the Tenant Improvements in an amount equal to 5% of the Tenant's Cost. Provided Tenant is not in default under the Lease, Landlord agrees to credit Tenant with an allowance (the "**Allowance**") equal to the lesser of the Tenant's Cost or [***]. Landlord's obligation to complete the Tenant Improvements is contingent upon Tenant paying Landlord the amount by which the estimated amount of the Tenant's Cost exceeds the Allowance, which amounts shall be paid by Tenant to Landlord after application of the Allowance and within 30 days after being billed therefor, such billings to be based on and accompanied by invoice(s) received by Landlord from its third party contractors and materialmen. Tenant's failure to comply with the foregoing sentence shall be deemed a Tenant Delay. Notwithstanding the foregoing, (i) Landlord's obligation to credit Tenant as set forth herein shall be delayed (but not terminated) during the pendency of any default by Tenant under this Lease, and (ii) Landlord shall reimburse Tenant as set forth herein if and when Tenant cures any such default. Upon completion of the Tenant Improvements and determination of the actual Tenant's Cost, which determination shall occur within a commercially reasonable time period following the completion of the Landlord Work, Landlord or Tenant shall immediately pay to the other (or, at Landlord's option, Landlord may credit Tenant) the

amount of any overpayment or deficiency then due from one to the other in connection with the foregoing sentence. In addition, Tenant shall pay to Landlord, within 30 days after being billed therefor (accompanied by reasonable backup documentation) all costs and any expenses incurred by Landlord due to an increase in the materials cost of the Base Building Work to the extent caused by a Tenant Delay. Landlord shall have no further obligations to pay for any costs incurred in connection with the Tenant Improvements, except as otherwise expressly set forth in the Lease.

(i) Standard of Performance. Landlord shall cause Landlord's TI Contractor to construct and complete the Tenant Improvements in a good and workmanlike manner, in accordance with all Applicable Laws.

(j) Limitation on Landlord's Responsibility. Without limiting the foregoing provisions of this Section, Landlord and Tenant agree that Tenant shall be responsible to review the Final TI Construction Documents to ensure the proposed Tenant Improvements are adequate, appropriate, suitable and sufficient for Tenant's desired purposes and Tenant's specific manner of use of the Premises.

(k) Substantial Completion of the Tenant Improvements. Subject to Excusable Delays, Landlord shall use commercially reasonable efforts to cause the Substantial Completion of the Tenant Improvements (as defined below) to occur by September 30, 2022 (the "**Scheduled TI Substantial Completion Date**"). As used in this Section 4, "**Substantial Completion of the Tenant Improvements**" (or any variation or derivation thereof) shall mean that Landlord has delivered to Tenant (a) physical possession of, and access to, the Premises, which shall comply with all Applicable Laws, (b) a certificate of Tenant's Design Professional certifying that the Tenant Improvements have been substantially completed in accordance with the Final TI Construction Documents and all Applicable Laws, subject only to incomplete items which do not adversely affect in a material way or materially interfere with Tenant's use and occupancy of the Premises for the Permitted Use, which incomplete items shall be set forth on the Tenant Improvements Punch List (as defined below), and (c) a temporary or permanent certificate of occupancy for Tenant's use and occupancy of the Premises for the Permitted Use has been issued by the Governmental Agency. Tenant agrees to cooperate reasonably, at no material cost to Tenant, with Landlord in Landlord's efforts to obtain the certificate of occupancy and agrees, to the extent any ongoing or incomplete approved Tenant Fixturing (not the Tenant Improvements) could negatively impact Landlord's ability to obtain a certificate of occupancy for the Tenant Improvements, to suspend all such Tenant Fixturing and (to the extent safe, practicable and in accordance with Applicable Law) cause same not to appear to be in an "in process" condition on any day on which a physical inspection of the Premises is undertaken for issuance of such certificate of occupancy, provided Tenant receives reasonable advance notice thereof. The date that Substantial Completion of the Tenant Improvements actually occurs is referred to as the "**TI Substantial Completion Date**." The date on which both the Base Building Work Substantial Completion Date and the TI Substantial Completion Date are achieved and possession of the Premises is delivered to Tenant is referred to as the "**Landlord Work Substantial Completion Date**."

(l) Tenant Improvements Punch List. Upon Substantial Completion of the Tenant Improvements, Landlord, in consultation with Tenant, shall generate a punch list of all asserted defects or incomplete work items, if any, in Landlord's construction of the Tenant Improvements (the "**Tenant Improvements Punch List**"). Landlord shall complete all items on the Tenant Improvements Punch List within 60 days after the date of the generation of the Tenant Improvements Punch List, unless due to Excusable Delays.

(m) Inclusion of Plans. As and when developed and approved in accordance with the procedures set forth in this Work Letter, each installment or phase of the TI Design Development Plans and Specifications and the Final TI Construction Documents shall be initialed by Landlord and Tenant, shall be labeled "final" and a schedule of each installment of such TI Design Development Plans and Specifications

and the Final TI Construction Documents shall thereby be incorporated into and made a part of the Lease as if originally attached thereto at the time of execution of the Lease.

5. **Field Adjustments and Change Orders**

(a) Tenant acknowledges and agrees that, except as expressly set forth in the Final Base Building Plans and Specifications and the Final TI Construction Documents, the Landlord Work shall be constructed using Building-standard methods, materials and finishes designated by Landlord for the Building, in consultation with Tenant. Landlord shall have the right, from time to time, to make reasonable and non-material changes/field adjustments (collectively, "**Non-Material Field Adjustments**") in and to the Final Base Building Plans and Specifications and the Final TI Construction Documents to the extent that the same shall be necessary in order to adjust to actual field conditions or to cause the work shown on the Final Base Building Plans and Specifications and the Final TI Construction Documents to comply with any applicable requirements of public authorities and/or requirements of insurance bodies. All Non-Material Field Adjustments (which may be made immediately but confirmed by written change order and notice to Tenant) shall be noted on the applicable plans or documents. Except for Non-Material Field Adjustments, Landlord shall not make any other changes/field adjustments in and to the Final Base Building Plans and Specifications and the Final TI Construction Documents, without first obtaining the written consent of Tenant, which consent shall not be unreasonably withheld, conditioned or delayed. Tenant's failure to respond to Landlord in writing within 2 business days after the date of Tenant's receipt of Landlord's written request for such consent shall be deemed a Tenant Delay.

(b) The Base Building Work and the Tenant Improvements are collectively referred to as the "**Landlord Work**". If Tenant shall request any changes to the Final Base Building Plans and/or Specifications and the Final TI Construction Documents that are approved by Landlord pursuant to the process set forth herein ("**Change Orders**"), Landlord shall have any necessary revisions to the Final Base Building Plans and Specifications and/or the Final TI Construction Documents, as the case may be, prepared, and Tenant shall reimburse Landlord for the cost of preparing such revisions. Tenant shall be responsible for any Tenant Delay caused by Tenant or any Tenant Party in the completion of the Landlord Work resulting from any Change Orders pursuant to Section 6(c)(i)(1)(D) below. Landlord shall notify Tenant in writing of (A) the estimated increased cost to the Landlord Work, if any, which will be chargeable to Tenant by reason of such Change Orders, which increased costs together with the costs of preparing revisions to the Final Base Building Plans and/or Specifications and the Final TI Construction Documents are collectively referred to herein as the "**Excess Costs**", and (B) Landlord's estimate of delay resulting from the Change Order. Tenant shall, within 2 business days after receiving Landlord's estimate of the Excess Costs and delay, notify Landlord in writing whether it desires to proceed with such Change Order, such notification to be accompanied by payment from Tenant of the Excess Costs. In the absence of such written authorization, Landlord shall continue work on the construction of the Landlord Work; provided, however, that Landlord may discontinue work on the construction of that portion of the Landlord Work which may be affected by the pending Change Order until it receives notice of Tenant's decision, if, in Landlord's commercially reasonable, good faith discretion, Landlord has determined that proceeding with such construction will interfere with the performance of work set forth in the pending Change Order, in which event any delay caused by the discontinuation of such work shall be deemed to be a delay caused by Tenant. Following approval of the revised Final Base Building Plans and/or Specifications and the Final TI Construction Documents and the payment by Tenant of the required portion of the Excess Costs, if any, Landlord shall cause the Landlord Work to be constructed substantially in accordance with the approved Change Orders.

6. **Delays**

(a) Excusable Delay. Construction Force Majeure (as hereinafter defined) and/or Tenant Delay (as hereinafter defined) are collectively referred as "**Excusable Delays**".

(b) Construction Force Majeure. For purposes hereof, "**Construction Force Majeure**" shall mean time actually lost by Landlord or Landlord's contractors, subcontractors or suppliers due to governmental restrictions, limitations and delays (including, without limitation, delays in the issuance of any governmental permit, license and/or approval required to complete the Landlord Work through no fault of Landlord or its agents, employees or contractors), scarcity, unavailability or delay in obtaining fuel, materials, equipment or components (so long as any delays occur despite Landlord's commercially reasonable diligent efforts), war or other national emergency, accidents, floods, defective materials, fire damage or other casualties, adverse weather conditions which reasonably prevent Landlord from pursuing construction activities in a normal manner, soil conditions, or any other cause similar or dissimilar to the foregoing in any case beyond the reasonable control of Landlord or Landlord's contractors, subcontractors or suppliers.

(c) Tenant Delay.

(i) For purposes hereof, the terms "**Tenant Delay**" or "**Delay caused by Tenant**" shall mean:

1. delay in completion of construction of the Landlord Work caused by any act or failure to act by Tenant or any Tenant Party in violation of this Lease, including, without limitation, (A) delay (beyond the time frames set forth in this Work Letter) by Tenant in approval of the Proposed Base Building Plans and Specifications, Proposed TI Design Development Plans and Specifications, the Proposed TI Construction Documents and other proposed plans and specifications covering work to be performed by Landlord in connection with the Landlord Work, (B) delay in Tenant's selection of a GMP Proposal beyond any required time period set forth herein, (C) the interference of Tenant with the Landlord Work, or (D) delays resulting from any Change Orders; and

2. delay in the issuance of a certificate of occupancy or completion of construction of the Landlord Work as a result of any act or omission (with respect to any omission, only to the extent in violation of this Lease or Applicable Laws) of Tenant or any Tenant Party (including, without limitation, any delay by Tenant or any Tenant Party in performing Tenant Fixturing), which continues for 1 business day following Tenant's receipt of notice (it being agreed that email notice shall suffice, which notice shall be sent to Tim Mueller at tmueller@preludetx.com until changed by Tenant upon notice to Landlord) of such delay or Tenant otherwise becoming aware of such delay.

(ii) For purposes of determining Tenant Delay, the term Tenant shall include any Tenant Party. If the Landlord Work Substantial Completion Date is delayed by a Tenant Delay, then the Landlord Work Substantial Completion Date shall be deemed to have occurred on the date it would have occurred but for such Tenant Delay. Landlord shall notify Tenant in writing (it being agreed that email notice shall suffice, which notice shall be sent to Tim Mueller at tmueller@preludetx.com until changed by Tenant upon notice to Landlord) of the occurrence of a Tenant Delay event within 3 business days after Landlord actually becomes aware of the occurrence of such Tenant Delay event, provided that if Landlord fails to so notify Tenant within 7 business days after Landlord actually becomes aware of the occurrence of such Tenant Delay event, then, except if Tenant otherwise has become aware of such Tenant Delay (in which case the ensuing language shall not apply), such Tenant Delay shall not be deemed to commence unless and until Tenant's receipt of such notice at the time that such Tenant Delay is continuing.

7. **Tenant Fixturing and Permits**

(a) Concurrently with Landlord's completion of the Base Building Work and the Tenant Improvements, Tenant shall, at Tenant's sole cost and expense, commence and thereafter diligently pursue to completion, the installation in and equipping of the Premises with new personal property necessary or proper for the operation of the Permitted Use and perform all other work in the Premises necessary or proper to prepare the Premises for the conduct and operation of the Permitted Use therein (collectively, the "**Tenant Fixturing**"). All Tenant Fixturing shall be performed in a good and workmanlike manner and in accordance with all Applicable Laws and in accordance with the terms of the Lease. Tenant shall, at Tenant's sole cost and expense, obtain all permits and other governmental permits and approvals necessary for the Tenant Fixturing. Landlord shall reasonably cooperate with Tenant, at no material cost to Landlord, in Tenant's efforts to obtain such permits and other approvals. In addition, Tenant, at its sole cost and expense, shall be solely responsible for obtaining, and delivering copies to Landlord, prior to occupancy of the Premises (or any part thereof), all governmental permits and approvals necessary for the Tenant Fixturing and for Tenant to conduct its business of the Permitted Use in the Premises.

8. **Limited Warranty; Bond**

(a) Landlord guarantees, for a period of one year following the Landlord Work Substantial Completion Date, (i) the Landlord Work against defective workmanship and/or materials or non-compliance with the Final Base Building Plans and Specifications and/or the Final TI Construction Documents, and (ii) that the Building and the Building Systems, including the roof, floors, walls, doors, dock doors and all other mechanical systems, are and shall be in good, operable condition. Landlord agrees, during said one-year period at its sole cost and expense, to (i) repair or replace any defective item occasioned by defective workmanship and/or materials or non-compliance with the Final Base Building Plans and Specifications and/or the Final TI Construction Documents, and (ii) make all necessary repairs to keep the Building and the Building Systems, including the roof, floors, walls, doors, dock doors and all other mechanical systems in good, operable condition. Landlord agrees, upon Tenant's reasonable prior request, to jointly inspect the Building with a representative of Tenant at any time during the one year guaranty period. Notwithstanding anything in this paragraph to the contrary, in no event shall Landlord be obligated to make repairs or replacements to items (i) if the costs of such repair or replacement would have been covered by warranty but is no longer covered by warranty due to the acts or omissions (with respect to omissions, only to the extent in violation of this Lease or Applicable Laws) of Tenant or any Tenant Party, or (ii) due to any act or omission (with respect to omissions, only to the extent in violation of this Lease or Applicable Laws) of Tenant or any Tenant Party (including, without limitation, Tenant's failure to properly maintain or service any portions of the Building or the Premises or any systems contained thereon that Tenant is required to maintain pursuant to the Lease).

(b) Landlord shall secure a bond against the full value of any contract entered into by Landlord for the completion of the Landlord Work, in form and substance satisfactory to Landlord, in Landlord's sole and absolute discretion.

EXHIBIT "G-1"

Preliminary Project Milestone Schedule

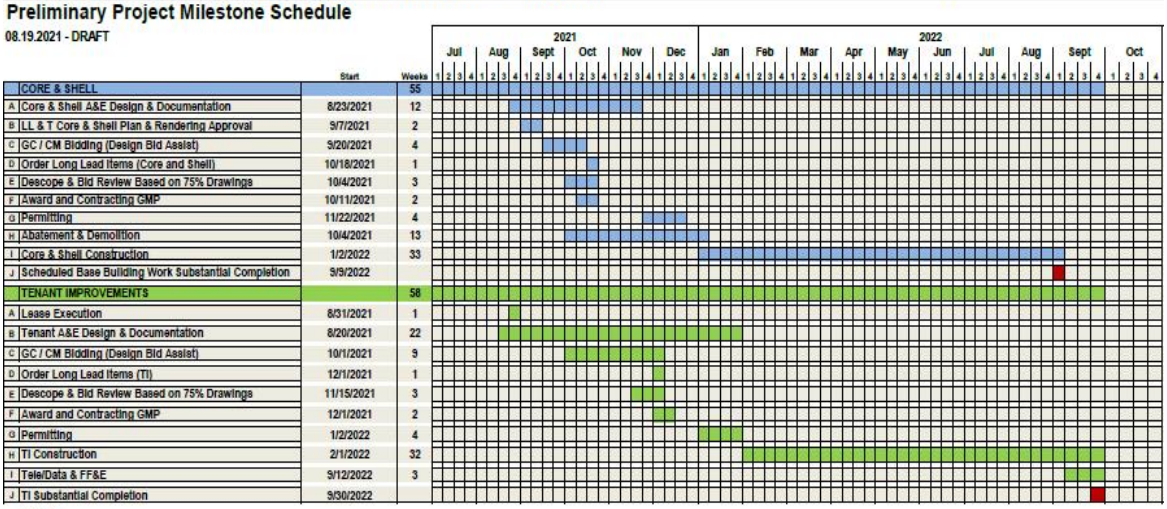
EXHIBIT G-1

MRA DEVELOPMENT SERVICES, INC.
a Shaed company

CRISP_709 Preliminary Project Milestone Schedule

Preliminary Project Milestone Schedule

08.19.2021 - DRAFT



		Start	Weeks
	CORE & SHELL		55
A	Core & Shell A&E Design & Documentation	8/23/2021	12
B	LL & T Core & Shell Plan & Rendering Approval	9/7/2021	2
C	GC / CM Bidding (Design Bid Assist)	9/20/2021	4
D	Order Long Lead Items (Core and Shell)	10/18/2021	1
E	Descope & Bid Review Based on 75% Drawings	10/4/2021	3
F	Award and Contracting GMP	10/11/2021	2
G	Permitting	11/22/2021	4
H	Abatement & Demolition	10/4/2021	13
I	Core & Shell Construction	1/2/2022	33
J	Scheduled Base Building Work Substantial Completion	9/9/2022	
	TENANT IMPROVEMENTS		58
A	Lease Execution	8/31/2021	1
B	Tenant A&E Design & Documentation	8/20/2021	22
C	GC / CM Bidding (Design Bid Assist)	10/1/2021	9
D	Order Long Lead Items (TI)	12/1/2021	1
E	Descope & Bid Review Based on 75% Drawings	11/15/2021	3
F	Award and Contracting GMP	12/1/2021	2
G	Permitting	1/2/2022	4
H	TI Construction	2/1/2022	32
I	Tele/Data & FF&E	9/12/2022	3
J	TI Substantial Completion	9/30/2022	

NOTES:

1) Schedule assumes typical supply chain availability.
2) Schedule for illustration purposes only and is subject to timely tenant responses / decisions, lease execution, closing and final GC Contract.

EXHIBIT "G-2"

Preliminary Plans for Building

PRELIMINARY DESCRIPTIONS OF THE SPECIFICATIONS FOR THE BASE BUILDING WORK

Chestnut Run Innovation & Science Park (CRISP)

BUILDING 709

CORE & SHELL OUTLINE SCOPE OF WORK

DIVISION I - SCOPE OF WORK

100 DESCRIPTION

Renovation of an existing +/- 81,000 square foot, two story office and laboratory building into a Class 'A' office and laboratory building.

Site improvements to include American with Disabilities Act (ADA) compliant access to the building, surrounding parking fields and campus amenities. Existing parking to be re- paved, re-striped and ADA parking provided per Code and exterior landscaping per Campus standards. Exterior building lighting to be upgraded to Campus standards.

Building improvements to include but not be limited to (i) demolition of existing façade, roofing, roof-top mechanical equipment, and interior finishes; (ii) construction including but limited to a new building envelope, including exterior cladding, doors, windows, roofing and flashing; (iii) construction of interior improvements including ADA compliant ingress and egress, , new electrical service to the building, and plumbing systems to the building, new building IDF utility room, and a new Code compliant elevator.

DIVISION II - SITE WORK & DEMOLITION

200 SITEWORK:

- Repair, replacement and/or addition of ADA compliant building entrances and sidewalks.

201 DEMOLITION:

- Remove and dispose of asbestos, if applicable.
- Remove and dispose of all existing interior building furnishes, partitions, fixtures, raised slabs, equipment and CMU walls unless marked as "to remain".
- Remove and dispose of all exterior wall finishes back to the super-structure.
- Remove and dispose of all existing mechanical, electrical and plumbing systems and distribution back to the utility demarcation unless marked as to remain.
- Chilled water and steam and condensate lines to be removed through the foundation walls and capped at a point no less than 20' from the foundation, at a location coordinated with Landlord. This scope to be coordinated with Landlord as part of a campus wide shut down.
- If applicable, identify and retain existing lightning protection grounding grid for reuse.
- Identify and retain existing IT/Fiber conduits entering and leaving the building.
- Remove and dispose of all roof-top mechanical equipment, processing equipment, distribution, dunnage and curbs, unless marked as "to remain".

- Remove and dispose of all roofing and roofing elements in preparation for the installation of a new roof. Coordinate with roofing contractor to ensure building remains weathertight.
- Existing loading docks to remain, dock levelers and doors to be removed and disposed of.

DIVISION III - CONCRETE

300 CONCRETE WORK

- Repair and/or replace walkways, curbing, building entrances, and existing loading docks per approved plans.
- Install new foundations for features as needed.
- Install pit for new elevator, as needed.
- Patch, repair, infill and/or level concrete floor slabs throughout the building as required to a smooth and level surface suitable to accept new floor finishes.
- Infill existing exterior and interior walls, shafts, chases or depressed slabs per approved plans. Work to be coordinated with demolition plans.

DIVISION IV – MASONRY

400 Pre-Cast Concrete

- N/A.

410 CMU

- Install new elevator shaft, including new roof penthouse as required.
- Patch holes in and make structural repairs to existing CMU walls which are to remain as required.

DIVISION V - METALS

500 STRUCTURAL STEEL

- Existing structural steel to remain. Supplement as needed for additional loads as required by approved plans for base building including elevator penthouse and base building equipment, roof access and modifications to the structure for other common features and elements.

501 MISC. METALS

- Upgrade or replace existing interior and exterior stair railings per Code.
- Install new entry vestibule feature at the front of the building per approved plans.
- Install, as necessary, new ladders to elevator pits.

DIVISION VI - CARPENTRY

600 GENERAL CARPENTRY

- Frame IDF Room, and other common area elements per approved plans.

DIVISION VII - THERMAL & MOISTURE PROTECTION

700 ROOFING

- Install new roof drains and scuppers per approved roofing plan.

- Roof hatch not required for roofs with stair tower access.
- Furnish and install new roofing system complete with insulation, flashing, blocking, metal edge, and a fully adhered, 60mil TPO rubber roofing product per manufacturer's specifications. Alternate equal roofing products as approved by Landlord may be considered to meet the schedule.
- Finished roof to include wrapping, flashing and capping all parapet walls per manufacture's specifications and wrapping and flashing of all curbing, dunnage and sleeper systems installed.
- Prior to installation of the roofing system, install all curbing, dunnage and sleeper systems necessary to support new rooftop equipment per approved plans.
- Furnish and install walk pads between roof access points and all base building rooftop equipment access panels.
- Minimum 20-year labor and material warranty as provided by manufacturer.
- Final insulation plan and slope to be coordinated and field verified to provide positive drainage, including areas below and between rooftop mechanical curbing.
- All future roof penetrations, curbing, lightning protection systems, and disturbances of new roof system to be coordinated with roofing contractor so as not to void or invalidate warranty.

710 CAULKING

- Caulk all exterior building joints per manufacturer's recommendations.

DIVISION VIII - DOORS, WINDOWS AND GLASS.

810 INTERIOR DOORS

- Tenant Improvement:
  - All interior doors to be keyed to building master.
  - All rated doors, frames, and hardware shall be UL listed.
  - Schlage Commercial Series, brushed chrome finish, fully mortised lockset with positive release lever handle; matching trim, master key to be provided by contractor. Falcon Series T shall be provided by contractor. Hardware shall be SFIC for Schlage small format cores. Contractor shall procure Schlage Everest 7-pin cores from Landlord selected Locksmith to ensure proper bitting per Campus standard.

820 EXTERIOR DOORS

- Furnish and install medium style pre-finished aluminum 3'x8' doors set in aluminum frames with ¼" tinted tempered glass and ADA panic hardware.
- A minimum of (3) three 40" doors will be provided on the exterior walls to facilitate equipment moves.
- IDF Room Access Door to be metal, set in hollow metal frames, with ADA lever- set hardware per approved plans.
- Main building entrance storefront doors to be supplied and installed per approved plans. Door Hardware shall be compatible with maglock access.

830 EXTERIOR WINDOWS

- Furnish and install pre-finished aluminum window frames with 1" tinted insulated glass at vision panels. Install spandrel glass or architectural metal panels at non- vision panels. All windows and spandrel to be installed per approved plans.

840 INTERIOR GLASS WINDOWS and DOORS

- N/A shall be part of Tenant Improvement.

DIVISION IX - FINISHES

910 EXTERIOR

- All miscellaneous metal that is not pre-painted to be painted with exterior, metal paint as specified in the finish schedule of the approved plans.
- Exterior structural concrete to be power washed, sealed and painted as specified in the finish schedule of the approved plans.
- All foundation penetrations, including penetrations from previous building mechanical piping or conduit, to be sealed watertight. Any areas evidencing previous or current water infiltration shall be inspected and remedied.
- Landlord shall coordinate with Tenant to ensure that the exterior façade is ready to support Tenant illuminated signage (TBD).

920 INTERIOR

- N/A shall be part of Tenant Improvement.

- Common Corridor Finishes:
  - N/A there are no Common Corridors.

- Toilet Room Finishes:
  - Toilet rooms shall be provided as part of Tenant Improvement.

- Janitor's Closet:
  - N/A shall be part of Tenant Improvement.

- New Elevator Finishes:
  - Finishes including new flooring, new wall finishes, new ceiling inlay, new lighting and new stainless-steel cladding on elevator doors and frames, all as specified in the finish schedule of the approved plans.
  - New wall pads to be furnished.

- Stair Tower Finishes:
  - Existing stair towers to be re-utilized for emergency egress and shall be brought up to current Code.
  - Existing stair towers to be refurbished with paint on all walls and miscellaneous metals that are not pre-finished, new flooring on all treads, risers and stair landings, new lighting fixtures, new drywall ceilings or new acoustic ceiling tiles, and new or re-finished stairwell railings, all as specified in the finish schedule of the approved plans. Stair towers to meet all applicable code requirements.
  - New stair tower space heaters and electric conduit to be recessed in wall cavities (electric wiring by Tenant as part of Tenant Improvement), with locations field verified and color to match surrounding wall finishes. Internal thermostats to be set at 55 degrees Fahrenheit upon installation.

DIVISION X - SPECIALTIES

1000 FIRE EXTINGUISHERS

- N/A shall be part of Tenant Improvement.

DIVISION XI – EQUIPMENT

NOT USED

DIVISION XII – FURNISHINGS

1200 WINDOW BLINDS

- Landlord shall furnish Campus standard Mecho window blinds (or equal) at all exterior windows for installation by Tenant as part of Tenant Improvement.

DIVISION XIII – SPECIAL CONSTRUCTION

NOT USED

DIVISION XIV - CONVEYING SYSTEMS

1400 ELEVATOR

- Furnish and install one (1) new 2,500-pound passenger elevator and associated equipment.
- Elevator shall include a code compliant wireless dialer with internet service and a non-proprietary control system.
- Electric wiring by Landlord's contractor shall be connected to a Tenant provided Electric Panel.

DIVISION XV MECHANICAL

1505 HVAC –

- N/A. All HVAC systems and equipment is by Tenant as part of Tenant Improvement

1510 PLUMBING

- 6" domestic water feed is stubbed inside of the foundation wall of the building
- Three 6" Sanitary Sewer feeds are stubbed inside of the foundation wall of the building.
- Camera and jet existing under-slab and underground drain piping from building to first exterior manhole.
- Provide four (4) new, recessed frost free lockable exterior hose bibs in locations to be coordinated with Landlord. Domestic water lines servicing the hose bibs shall be stubbed 9' above finished floor by Landlord for connection by Tenant as part of the Tenant Improvement.

1520 FIRE PROTECTION

- Furnish and install new fire sprinkler system main piping from new standpipes. Sprinkler heads to be turned up in shell spaces and shall be turned down and dropped to finish ceiling height in all existing stairwells and IDF rom. Tenant shall provide all sprinkler pipes and heads up to and including 1½" as part of the Tenant Improvement. All

sprinkler pipes greater than 1½" shall be provided by Landlord in accordance with final approved building sprinkler plan.

- Furnish and install new addressable fire alarm system and annunciator panel as required by Code capable of supporting the entire building. Tenant as part of Tenant Improvement shall provide necessary PAD panels, smoke detectors, heat detectors, pull stations, strobes, speakers, and flow switches.
- The building will be fully sprinklered. Furnish and install Stortz connection on the building in a location to be coordinated with the Fire Department.
- Furnish and install a Knox Box on the building as coordinated with Fire Department.

15** GAS

- Landlord will provide a new gas line fed from an existing 8" main for building use.

DIVISION XVI ELECTRICAL

1600 ELECTRICAL

- Landlord shall provide a minimum 1500 KVA electric service utilizing the existing electrical feed and transformer to the building which will be metered for tenant billing.
- Power new lighting in stair towers and IDF Room. Electric wiring by Landlord's contractor shall be connected to a Tenant provided Electric Panel.
- Provide power to elevator and equipment in coordination with approved plans and specifications. Electric wiring by Landlord's contractor shall be connected to a Tenant provided Electric Panel.
- Provide power to exterior building lighting. Electric wiring by Landlord's contractor shall be connected to a Tenant provided Electric Panel.
- Temporary interior lighting and heating shall be provided by Tenant as part of Tenant Improvement. Landlord will be responsible for the costs of electric consumption during both the Core and Shell and the Tenant Improvement projects.
- As part of the Tenant Improvement, Tenant shall be responsible for obtaining a building Arc Flash and Breaker Coordination study. All panels and electrical equipment shall be properly labeled in accordance with OSHA standards. Tenant shall provide Landlord a copy of the studies within 90 days following the Lease Commencement Date.

1610 TELEPHONE, DATA and SECURITY

- Pathways for internet service fiber to be provided in Building common IT room (IDF).
  - IDF Room shall be painted and shall have badge access and VCT flooring.
  - 4 dedicated quad outlets at 120 v 20 amp capacity each.
  - A lockable 20U network rack.
  - UPS power for network rack.
  - Cooling to be provided by Tenant as part of Tenant Improvement.
  - Building IDF room shall be accessible from an outside wall. IDF door to be badge access.
- Security
  - Main building controller shall be capable of handling 24 doors. Main building controller shall be capable of expanding to a 48 door system.
  - System shall integrate into the CRISP Switch network for Campus connectivity.

- Cameras
  - Exterior Cameras will be per the campus standard specification.
  - Furnish and install 12 cameras, including 1 camera inside the IDF and 11 cameras outside the building.
  - All cameras shall be integrated into the CRISP switch, with NVR integrated for remote access.
  - A minimum of 2 cameras will be allocated to cover the loading dock area of the building.

- Building Automation System
  - Landlord will coordinate with Tenant to ensure that the cross communications required between the Fire Protection System and BAS sufficiently meet both Tenant and Landlord needs. Landlord anticipates that this is likely accomplished via digital inputs and outputs from the various systems.

End of Outline Scope of Work.

EXHIBIT “G-3”

Preliminary Plans for Premises

EXHIBIT H

OPTIONS TO RENEW

(a) Provided that there then exists no Event of Default by Tenant under the Lease, nor any event that with the giving of notice and/or the passage of time would constitute an Event of Default, and that Tenant and/or its Permitted Transferee(s) and/or its assignee(s) is/are the sole occupant(s) of the Premises, Tenant shall have the right and option to extend the Term of this Lease for 3 additional periods of 60 months each, exercisable by giving Landlord prior written notice, on or before that date that is 12 months prior to the then current Expiration Date, of Tenant's election to extend the Term; it being agreed that time is of the essence and that this option is personal to Tenant and any Permitted Transferee or assignee, and is non-transferable to any sublessee (regardless of whether any such sublease was made with or without Landlord's consent).

(b) Such extensions shall be under the same terms and conditions as provided in the Lease except as follows:

(i) each additional term shall begin on the day after the then current Expiration Date and thereafter the Expiration Date shall be deemed to be the date that is 60 months after the then current Expiration Date;

(ii) there shall be only two further options to extend following the first renewal, one further option to extend following the second renewal, and no further options to extend after the third renewal; and

(iii) the Base Rent for each year of an additional term shall be equal to the lesser of (A) the Base Rent payable in the immediately preceding Lease Year (the "Prior Rent Alternative"), or (B) 95% of the fair market rental value of the Premises and annual increases in fair market rental value (collectively, the "FMR") applicable at the time Tenant exercises such option (but in no event prior to the date that is 12 months before the then current Expiration Date). In determining the FMR, Landlord shall take into account and make appropriate adjustments to reflect current market terms, conditions and concessions for similar renewal transactions in similar buildings in the Wilmington, Delaware market area (and taking into account whether such terms, conditions and concessions are being made available by Landlord) at the time Tenant exercises such option (but in no event prior to the date that is 12 months before the then current Expiration Date).Tenant shall pay Real Property Taxes and Operating Expenses for the Premises during the additional period in accordance with the Lease, and the manner and method in which Tenant reimburses Landlord for Tenant's Share of Real Property Taxes and Operating Expenses and the base year (if any) applicable to such matter, shall be some of the factors considered in determining the FMR for the additional period.

(c) Within 45 days after Landlord receives notice of Tenant's exercise of the option to extend the Term (but in no event prior to the date that is 12 months before the then current Expiration Date), Landlord will give notice to Tenant (the "**Rent Notice**") of Landlord's opinion of the FMR and comparing the FMR to the Base Rent payable in the immediately preceding Lease Year. If Tenant does not respond to the Rent Notice within 45 days after receiving it, Landlord's opinion of the FMR shall be deemed accepted as the Base Rent due for each Lease Year of an additional period. If, during such 45 day period, Tenant gives Landlord notice that Tenant contests Landlord's determination of the FMR (an "**Objection Notice**"), which notice must contain therein Tenant's opinion of the FMR, the parties will attempt to arrive at a mutually agreeable Base Rent for each Lease Year of an additional period, which, in no event, shall be less than the Prior Rent Alternative. When the parties come to an agreement, they will both execute an amendment to the Lease establishing the Base Rent for each Lease Year of an additional

period. If, during such 45 day period, Tenant gives Landlord notice that it rescinds its exercise of its option to extend the Term, then the Term shall end on the Expiration Date.

(d) If Landlord and Tenant cannot agree as to the FMR within 15 days after Landlord's receipt of the Objection Notice, the FMR shall be determined by appraisal. Within 10 days after the expiration of such 15 day period, Landlord and Tenant shall give written notice to the other setting forth the name and address of an appraiser designated by the party giving notice. All appraisers selected shall be members of the American Institute of Real Estate Appraisers and shall have had at least 10 years continuous experience in the business of appraising office and laboratory buildings in the Wilmington, Delaware market area. If either party shall fail to give notice of such designation within the time period provided, then the party who has designated its appraiser (the "**Designating Party**") shall notify the other party (the "**Non-Designating Party**") in writing that the Non-Designating Party has an additional 10 days to give notice of its designation, otherwise the appraiser, if any, designated by the Designating Party shall conclusively determine the FMR. If two appraisers have been designated, such appraisers shall attempt to agree upon the FMR. If the two appraisers do not agree on the FMR within 20 days of their designation, the two appraisers shall designate a third appraiser. If the two appraisers shall fail to agree upon the identity of a third appraiser within 5 business days following the end of such 20 day period, then either Landlord or Tenant may apply to the American Arbitration Association, or any successor thereto, for the settlement of the dispute as to the designation of the third appraiser and the American Arbitration Association shall designate a third appraiser in accordance with the Real Estate Valuation Arbitration Rules of the American Arbitration Association. Each of Landlord and Tenant shall furnish each of the three arbitrators with a copy of their respective final determination of the FMR. The third arbitrator shall proceed with all reasonable dispatch to determine whether Landlord's final determination of the FMR or Tenant's final determination of the FMR most closely reflects the FMR, and in no event shall the arbitrator have the right (i) to average the final determination of the FMR of Landlord and Tenant or (ii) to choose another rate. The decision of such third arbitrator shall in any event be rendered within 30 days after his/her appointment, or within such other period as the parties shall agree, and such decision shall be in writing and in duplicate, one counterpart thereof to be delivered to each of the parties. The arbitration shall be conducted in accordance with the rules of the American Arbitration Association (or its successor) and applicable laws and this Section, which shall govern to the extent of any conflict between this Section and the rules of the American Arbitration Association. The FMR as determined in accordance with the provisions of this Section shall be final and binding upon Landlord and Tenant.

EXHIBIT I

OPTION TO EXPAND THE BUILDING

Provided that (i) there then exists no Event of Default by Tenant, nor any event that with the giving of notice and/or the passage of time would constitute an Event of Default, and (ii) that Tenant and/or its Permitted Transferee(s) and/or assignee(s) is/are the sole occupant(s) of the Premises, Tenant shall have the right and option, to request Landlord to construct an addition to the Building to contain approximately 60,000 rentable square feet and to be located on the portion of the Property shown and designated as "**Expansion Ground**" on Schedule 1 attached hereto (the "**Building Addition**"), exercisable by Tenant giving Landlord prior written notice ("**Tenant's Expansion Request**"), on or before the last day of the initial Term of this Lease, of Tenant's desire to have Landlord construct the Building Addition so Tenant may lease same from Landlord. In the event Tenant timely exercises its right and option in accordance with the terms and conditions set forth above, the following shall apply:

(a) Landlord and Tenant shall have 120 days following Landlord's receipt of Tenant's Expansion Request within which to promptly and diligently pursue in good faith mutually satisfactory terms for the construction of the Building Addition by Landlord, the leasing of the Building Addition by Tenant and the execution of an amendment to this Lease (or a new lease) incorporating such terms for the construction and leasing of the Building Addition and the incorporation of the Building Addition into the Premises. If Landlord and Tenant do not execute such amendment or new lease within such 120 days, then the parties shall no longer be required to so pursue same unless and until Tenant makes a new Tenant's Expansion Request.

(b) Notwithstanding the foregoing:

(i) Landlord shall construct the Building Addition and Tenant shall lease the Building Addition from Landlord in accordance with the terms of this Lease. The Building Addition shall be deemed to be a part of the Premises and the Building for all purposes under the Lease and Real Property Taxes, Operating Expenses and Tenant's Share shall be increased to reflect the inclusion of the Building Addition in the Premises and the Building;

(ii) (A) the term of the lease for the Building Addition shall be coterminous with the Term of the Lease, and (B) if the remaining length of the Term of the Lease on the 'commencement date' of the term of Tenant's lease of the Building Addition ("**Expansion Commencement Date**") is less than 120 full calendar months, then Tenant must, as a condition to the exercise of its right and option pursuant to this Exhibit, extend the Term of the Lease to a date that is at least 120 full calendar months from the Expansion Commencement Date by entering into a written agreement with Landlord; it being agreed that any such extension shall be deemed to be an exercise of the next two options to renew, if any, available to Tenant hereunder;

(iii) the Base Rent for the Building Addition shall be determined based on the fair market value of built-to-suit construction, taking into account the land value of the Expansion Ground, all shell construction costs, the full amortization of all transaction costs incurred by Landlord (as determined at the time of such lease modification) and a fair market rate of return on the total project costs, all as agreed upon by Landlord and Tenant, but specifically excluding any costs related to remediation required in connection with construction of the Building Addition or resulting from conditions set forth in the Reports, which shall be at Landlord's sole cost; and

(iv) Landlord shall not be responsible for funding special improvements intended to support activities not consistent with the Permitted Use.

(c) At the expiration or earlier termination of the Lease, any Building Addition shall remain on the Property and become the property of Landlord without payment by Landlord.

(d) During the initial Term of the Lease only, Landlord shall not be permitted to construct the Building Addition for another tenant, unless Landlord obtains Tenant's prior written consent, which may be given or withheld by Tenant in Tenant's sole and absolute discretion.

(e) Tenant's right to provide Landlord with Tenant's Expansion Request is an ongoing right during the initial Term of the Lease, is personal to Tenant and any Permitted Transferee or assignee, and is non-transferable to any sublessee (regardless of whether any such sublease was made with or without Landlord's consent).

(f) Time is of the essence with respect to Tenant's and Landlord's obligations hereunder.

(g) This Exhibit and the obligations and rights of the parties hereunder are expressly contingent upon Landlord obtaining all final, un-appealable licenses, permits and approvals (collectively, the "**Building Addition Approvals**") required from the governmental authorities having jurisdiction over the Premises to construct the Building Addition. Landlord shall use commercially reasonable efforts to obtain the Building Addition Approvals. Tenant shall reasonably cooperate with Landlord, at no material cost to Tenant, in Landlord's efforts to obtain the Building Addition Approvals. Tenant acknowledges and agrees that Landlord is not making any representation or warranty as to whether the foregoing contingency will be satisfied. Tenant hereby waives and releases Landlord from and against, any and all claims for recovery against Landlord for any loss or damage to Tenant arising out of or in connection with the foregoing contingency not being satisfied, so long as Landlord complies with this Exhibit.

SCHEDULE 1 TO EXHIBIT I

PLAN SHOWING EXPANSION GROUND

EXHIBIT J

OPTION TO RELOCATE

Provided that (i) there then exists no Event of Default by Tenant under this Lease, nor any event that with the giving of notice and/or the passage of time would constitute an Event of Default, and (ii) that Tenant and/or its Permitted Transferee(s) or assignee(s) is/are the sole occupant(s) of the Premises, Tenant shall have the right and option, during the initial Term of this Lease only, to request Landlord to relocate Tenant from the Premises to another building owned by Landlord or an affiliate of Landlord in the Project that contains at least 50% more rentable square feet than the Premises (the "**Relocation Right**"), exercisable by Tenant giving Landlord prior written notice ("**Tenant's Relocation Request**"), of Tenant's desire to so relocate. Tenant's Relocation Request shall designate the size of the relocation space which Tenant desires to lease in good faith (which relocation space shall contain no less than 121,270 rentable square feet). In the event Tenant timely exercises its right and option in accordance with the terms and conditions set forth above, the following shall apply:

(a) For only 60 days following Landlord's receipt of Tenant's Relocation Request, Landlord shall use reasonable efforts (which reasonable efforts shall not include the termination of any existing lease or the relocation of any tenant or occupant or the cessation of active negotiations with another party) to provide Tenant with available space in another building owned by Landlord or its affiliate in the Project in approximately the size of the relocation space designated by Tenant in Tenant's Relocation Request which could then be leased by Tenant (the "**Relocation Space**"). Notwithstanding anything to the contrary contained in this Section, Landlord and Tenant agree that the Relocation Right is subject to (a) any and all contractual obligations of Landlord in leases, amendments or letters of intent existing as of the date Landlord receives the Tenant's Relocation Request, including, without limitation, any expansion rights, rights of first offer and rights of first negotiation or first refusal possessed by any of Landlord's tenants, and (b) any and all renewals or extensions of the term of any existing lease to which Landlord is a party, whether or not the right to so extend or renew currently exists, is hereafter granted or otherwise agreed to by Landlord. Tenant acknowledges and agrees that Landlord is not making any representation or warranty as to whether Landlord will find an available Relocation Space for Tenant with such 60-day time period. If, within such 60-day time period and despite its reasonable efforts, Landlord cannot find an available Relocation Space for Tenant, then Tenant's shall be deemed to have withdrawn Tenant's Relocation Request, the Relocation Right will lapse and be null and void and of no further force or effect, the Lease shall otherwise continue in full force and effect and Tenant hereby waives and releases Landlord from and against, any and all claims for recovery against Landlord for any loss or damage to Tenant arising out thereof or in connection therewith, except with respect to any breach of this Lease by Landlord.

(b) If, within such 60-day time period, Landlord finds an available Relocation Space, Landlord shall provide written notice thereof to Tenant describing the available Relocation Space (the "**Landlord's Relocation Response**"), which Tenant shall have the right to accept or reject by giving Landlord written notice of (i) Tenant's acceptance (the "**Relocation Acceptance**"), or (ii) Tenant's rejection (the "**Relocation Rejection**"), within 10 business days after Tenant's receipt of Landlord's Relocation Response.

(i) If (A) Tenant does not timely deliver the Relocation Acceptance or the Relocation Rejection to Landlord within such 10 business days, or (B) Tenant timely delivers the Relocation Rejection to Landlord within such 10 business days, then Tenant shall be deemed to have withdrawn Tenant's Relocation Request, the Relocation Right will lapse and be null and void and of no further force or effect, the Lease shall otherwise continue in full force and effect and Landlord shall have the right to lease all or part of the Relocation Space to any other party at any time on any terms and conditions acceptable to Landlord.

(ii) If Tenant timely delivers the Relocation Acceptance to Landlord within such 10 business days, then Landlord and Tenant shall have 60 days following Landlord's receipt of the Relocation Acceptance within which they shall promptly and diligently pursue in good faith mutually satisfactory terms for the leasing of the Relocation Space by Tenant, the termination of the Lease on or around the 'commencement date' of the new lease for the Relocation Space ("**Relocation Commencement Date**") to allow a reasonable period of time for moving and the execution of a new lease agreement incorporating such terms. If, despite Landlord's diligent good faith efforts, Tenant does not execute such new lease within such 60 days, then Tenant shall be deemed to have withdrawn Tenant's Relocation Request, the Relocation Right will lapse and be null and void and of no further force or effect, the Lease shall otherwise continue in full force and effect and Landlord shall have the right to lease all or part of the Relocation Space to any other party at any time on any terms and conditions acceptable to Landlord.

(c) Notwithstanding the foregoing:

(i) (A) the term of the lease for the Relocation Space shall be coterminous with the Term of the Lease, and (B) if the remaining length of the Term of the Lease on the Relocation Commencement Date is less than 120 full calendar months, then Tenant must, as a condition to the exercise of its right and option pursuant to this Exhibit, extend the Term of the Lease to a date that is at least 120 full calendar months from the Relocation Commencement Date by entering into a written agreement with Landlord; it being agreed that any such extension shall be deemed to be an exercise of the next two options to renew, if any, available to Tenant hereunder;

(ii) the Base Rent for the Relocation Space shall be equal to the fair market rental value of the Relocation Space and fair market annual increases in such rental value applicable at the time Landlord and Tenant are negotiating, in good faith, mutually satisfactory business terms for the leasing of the Relocation Space by Tenant, taking into account and making appropriate adjustments to reflect current market terms, conditions and concessions for similar space for similar transactions in similar buildings that are then generally available in the Wilmington, Delaware market area (and taking into account whether such terms, conditions and concessions are being made available by Landlord) at that time;

(iii) Real Property Taxes, Operating Expenses and Tenant's Share shall be based on the particular building in which the Relocation Space is located and the rentable square feet contained therein; and

(iv) Landlord shall not be responsible for funding special improvements intended to support activities not consistent with the Permitted Use; and

(v) Landlord shall be responsible for performing vapor intrusion testing on any Relocation Space and the surrounding areas and if such testing shows exceedances of applicable Environmental Laws, including, but not limited to, OSHA requirements, prior to the Relocation Commencement Date Landlord shall install a vapor mitigation system, which Landlord shall be responsible for maintaining throughout the term of the lease for the Relocation Space, all of which shall be at Landlord's sole cost and expense.

(d) The Lease shall terminate and be deemed of no further force and effect on or around the Relocation Commencement Date (to allow the moving described above) and Tenant shall vacate and surrender the Premises to Landlord in the condition required to be surrendered under the Lease on or before the termination of the Lease (which shall be on or around the Relocation Commencement Date to allow the moving described above).

(e) Tenant's right to provide Landlord with Tenant's Relocation Request is a one-time right, except as otherwise provided herein, is personal to Tenant and any Permitted Transferee or assignee, and is non-transferable to any sublessee (regardless of whether any such sublease was made with or without Landlord's consent).

(f) Time is of the essence with respect to Landlord's and Tenant's obligations hereunder.

(g) Without limiting the foregoing, the obligations under this Exhibit shall not bind any present or future Mortgagee of the Property.

EXHIBIT K

RIGHT OF FIRST OFFER

Subject to (a) the right of any third party that Landlord is then in active negotiations with for lease of Additional Space (as defined below), (b) the tenant in occupancy of any Additional Space renewing or extending such tenant's term (regardless of whether any such tenant has an option to renew or extend the term under its lease), (c) intentionally deleted, and (d) Landlord's right to lease any Additional Space to third-party operators of any amenity to be provided by Landlord to the Project, if and when any space (individually, the "**Additional Space**") becomes available for rental during the initial Term of the Lease in the building known as Building 700 in Chestnut Run Plaza (the "**ROFO Building**"), and provided that (i) there then exists no Event of Default by Tenant, nor any event that with the giving of notice and/or the passage of time would constitute an Event of Default, and (ii) that Tenant and/or its Permitted Transferee(s) or assignee(s) is/are the sole occupant(s) of the Premises, Tenant shall have the right of first offer to lease all of any available Additional Space, subject to the following:

(a) On or before the expiration of the 5th Lease Year of the Lease, Landlord shall notify Tenant (the "**Offer Notice**") when any Additional Space becomes available for rental by any party other than the tenant then in occupancy of the Additional Space and Tenant shall have 30 days following receipt of the Offer Notice within which to notify Landlord in writing that Tenant elects to lease any such available Additional Space from Landlord upon the terms and conditions of this Lease.

(i) If Tenant timely notifies Landlord in writing within such 30-day time period that Tenant elects to lease the Additional Space, then Landlord and Tenant shall enter into an amendment to this Lease incorporating such Additional Space; provided, however, that, notwithstanding anything contained herein to the contrary, Landlord and Tenant expressly agree that the (A) term of Tenant's lease of the Additional Space shall be coterminous with the Term of the Lease; (B) Base Rent for the Additional Space shall be the same per square foot Base Rent and increases thereof at the rates then and thereafter payable from time to time under the Lease; (C) Real Property Taxes, Operating Expenses and Tenant's Share shall be increased to reflect the inclusion of the Additional Space in the Premises; (D) Tenant shall receive the same concessions as set forth in this Lease, adjusted on a prorated basis as applicable.

(ii) If (A) Tenant does not so notify Landlord in writing within such 30 days of its exercise of its option to lease all of the Additional Space, or (B) Tenant notifies Landlord in writing within such 30 days that Tenant is not interested in leasing all of the Additional Space, then this right of first offer to lease all of such Additional Space will lapse and be of no further force or effect, the Lease shall otherwise continue in full force and effect and Landlord shall have the right to lease all or part of the Additional Space to any other party at any time on any terms and conditions acceptable to Landlord that are not materially more favorable to Tenant than the terms and conditions of this Lease.

(b) On and after the commencement of the 6th Lease Year of the Lease but prior to the initial Expiration Date, if a person or entity is interested in leasing any Additional Space other than the tenant then in occupancy of any such Additional Space (unless such tenant does not desire to continue its lease of such space) and (i) such person or entity submits to Landlord, or (ii) Landlord desire to submit to such person or entity, a letter of intent or comparable proposal (the "**Proposal**") in connection therewith which Landlord desires to accept, then Landlord shall notify Tenant (the "**Proposal Notice**") that Landlord has so received or desires to submit such a Proposal, such Proposal Notice to include an outline of the applicable business terms and conditions of the Proposal. Tenant shall have 30 days following receipt of the Proposal Notice within which to notify Landlord in writing whether or not Tenant is interested in leasing all of any such Additional Space on the terms set forth in the Proposal Notice. The terms of the

Proposal Notice will be held by Tenant and its employees in a strictly confidential manner and will not be revealed or disseminated to any person or entity other than Tenant's employees and other parties with a need to know such information in order to evaluate the leasing opportunity, except as required by Applicable Laws or in connection with a dispute involving Landlord and Tenant.

(i) If Tenant timely notifies Landlord in writing within such 30-day time period that Tenant is interested in leasing all of any such Additional Space on the terms set forth in the Proposal Notice, then Landlord and Tenant shall enter into an amendment to the Lease or a new lease for any such Additional Space on the terms set forth in the Proposal Notice and the terms and conditions contained in the Lease which are not inconsistent with the Proposal Notice.

(ii) If (A) Tenant does not so notify Landlord in writing within such 30 days of whether or not Tenant is interested in leasing all of any such Additional Space, (B) Tenant notifies Landlord in writing within such 30 days that Tenant is not interested in leasing all of any such Additional Space on the terms set forth in the Proposal Notice and notifies Landlord that Tenant does not want the fair market rental value of any such Additional Space (and annual increases thereof) to be determined by appraisal (or is silent as to whether or not it wants a determination by appraisal), or (C) Tenant notifies Landlord in writing within such 30 days that Tenant is interested in leasing all of any such Additional Space on the terms set forth in the Proposal Notice ("**Tenant's ROFO Notice**") and Tenant then does not execute such amendment or new lease within 15 days after Landlord's receipt of Tenant's ROFO Notice despite Landlord's good faith, reasonable efforts, then this right of first offer to lease all of such Additional Space will lapse and be of no further force or effect until after the first time it is leased after Tenant's receipt of the Proposal Notice (except pursuant to the balance of this subpart (ii)), the Lease shall otherwise continue in full force and effect and Landlord shall have the right to lease all or part of the Additional Space to any other party at any time on any terms and conditions acceptable to Landlord, except if Landlord materially changes the economic terms of the Proposal (which shall include a decrease to the Base Rent payable to Landlord of more than 5%), Landlord shall again provide Tenant with a copy of the revised Proposal and Tenant shall again have the rights set forth herein.

(iii) If Tenant timely notifies Landlord in writing within such 30-day time period that Tenant is interested in leasing all of any such Additional Space from Landlord but wants the fair market rental value of any such Additional Space (and annual increases thereof) to be determined by appraisal, then, within 10 days after the expiration of such 30-day period, the fair market rental value of any such Additional Space (and annual increases thereof) shall be determined by appraisal in accordance with the method and procedure set forth in subsection (d) of Exhibit H set forth above and such determination shall be final and binding upon Landlord and Tenant. Notwithstanding the foregoing, if the fair market rental value of any such Additional Space (and annual increases thereof) is determined by appraisal, then Base Rent for any such Additional Space shall be 95% of what the appraisal determines the fair market rental value of any such Additional Space (and annual increases thereof) to be.

(c) This right of first offer to lease all of any Additional Space is an ongoing right if and when any such Additional Space becomes available, is personal to Tenant and any Permitted Transferee or assignee, and is non-transferable to any sublessee (regardless of whether any such sublease was made with or without Landlord's consent). Time is of the essence with respect to Landlord's and Tenant's obligations under this Section.

EXHIBIT L

FORM OF LETTER OF CREDIT

IRREVOCABLE STANDBY LETTER OF CREDIT NUMBER _____

ISSUE DATE: _____

ISSUING BANK:
SILICON VALLEY BANK
3003 TASMAN DRIVE
2ND FLOOR, MAIL SORT HF210
SANTA CLARA, CALIFORNIA 95054

BENEFICIARY:
CRISP PARTNERS LLC
C/O MRA Group
3 VILLAGE RD, SUITE 200
HORSHAM, PA 19044

APPLICANT:
PRELUDE THERAPEUTICS INCORPORATED
200 POWDER MILL ROAD
EXPERIMENTAL STATION E400/3213
WILMINGTON, DE 19803

AMOUNT: US$4,043,700.00 (FOUR MILLION FORTY THREE THOUSAND SEVEN HUNDRED AND 00/100 U.S. DOLLARS)

EXPIRATION DATE: _____ (ONE YEAR FROM ISSUE DATE)

PLACE OF EXPIRATION: ISSUING BANK'S COUNTERS AT ITS ABOVE ADDRESS

DEAR SIR/MADAM:

WE HEREBY ESTABLISH OUR IRREVOCABLE STANDBY LETTER OF CREDIT NO. SVBSF_____ IN YOUR FAVOR AVAILABLE BY PAYMENT AGAINST YOUR PRESENTATION TO US OF THE FOLLOWING DOCUMENT:

BENEFICIARY'S SIGNED AND DATED STATEMENT STATING AS FOLLOWS:

"THIS DRAW UNDER YOUR IRREVOCABLE STANDBY LETTER OF CREDIT NO. SVBSF _____ REPRESENTS FUNDS DUE AND OWING TO US PURSUANT TO THE TERMS OF THAT CERTAIN LEASE AGREEMENT BETWEEN _____, AS TENANT, AND _____ AS LANDLORD, AS AMENDED, SUPPLEMENTED OR OTHERWISE MODIFIED TO DATE. THE UNDERSIGNED HEREBY CERTIFIES THAT: (I) THE UNDERSIGNED IS AN AUTHORIZED REPRESENTATIVE OF LANDLORD; (II) LANDLORD IS THE BENEFICIARY OF LETTER OF CREDIT NO. SVBSF _____ ISSUED BY SILICON VALLEY BANK; AND (III) LANDLORD IS AUTHORIZED TO DRAW DOWN ON THE LETTER OF CREDIT. THE AMOUNT HEREBY DRAWN UNDER THE LETTER OF CREDIT IS US$_____, WITH

PAYMENT TO BE MADE TO THE FOLLOWING ACCOUNT: [INSERT WIRE INSTRUCTIONS (TO INCLUDE NAME AND ACCOUNT NUMBER OF THE BENEFICIARY)]."

PARTIAL DRAWS AND MULTIPLE PRESENTATIONS ARE ALLOWED.

THIS LETTER OF CREDIT SHALL BE AUTOMATICALLY EXTENDED FOR ADDITIONAL PERIODS OF ONE YEAR, WITHOUT AMENDMENT, FROM THE PRESENT OR EACH FUTURE EXPIRATION DATE UNLESS AT LEAST 60 DAYS PRIOR TO THE THEN CURRENT EXPIRATION DATE WE SEND TO YOU A NOTICE BY REGISTERED OR CERTIFIED MAIL OR OVERNIGHT COURIER SERVICE AT THE ABOVE ADDRESS THAT THIS LETTER OF CREDIT WILL NOT BE EXTENDED BEYOND THE THEN CURRENT EXPIRATION DATE. IN NO EVENT SHALL THIS LETTER OF CREDIT BE AUTOMATICALLY EXTENDED BEYOND JULY 31, 2036. IN THE EVENT WE SEND SUCH NOTICE OF NON-EXTENSION, YOU MAY DRAW HEREUNDER BY YOUR PRESENTATION TO US OF YOUR SIGNED AND DATED STATEMENT STATING THAT YOU HAVE RECEIVED A NON-EXTENSION NOTICE FROM SILICON VALLEY BANK IN RESPECT OF LETTER OF CREDIT NO. SVBSF_____, YOU ARE DRAWING ON SUCH LETTER OF CREDIT FOR US$_____, AND YOU HAVE NOT RECEIVED A REPLACEMENT LETTER OF CREDIT ACCEPTABLE TO YOU.

ALL DEMANDS FOR PAYMENT SHALL BE MADE BY PRESENTATION OF THE REQUIRED DOCUMENTS ON A BUSINESS DAY AT OUR OFFICE (THE "BANK'S OFFICE") AT: SILICON VALLEY BANK, 3003 TASMAN DRIVE, MAIL SORT HF 210, SANTA CLARA, CA 95054, ATTENTION: GLOBAL TRADE FINANCE. AS USED IN THIS LETTER OF CREDIT, "BUSINESS DAY" SHALL MEAN ANY DAY OTHER THAN A SATURDAY, SUNDAY OR A DAY ON WHICH BANKING INSTITUTIONS IN THE STATE OF CALIFORNIA ARE AUTHORIZED OR REQUIRED BY LAW TO CLOSE.

FACSIMILE PRESENTATIONS ARE ALSO PERMITTED. EACH FACSIMILE TRANSMISSION SHALL BE MADE AT: (408) 496-2418 OR (408) 969-6510; AND UNDER CONTEMPORANEOUS

TELEPHONE ADVICE TO: (408) 450-5001 OR (408) 654-7176, ATTENTION: GLOBAL TRADE FINANCE. ABSENCE OF THE AFORESAID TELEPHONE ADVICE SHALL NOT AFFECT OUR OBLIGATION TO HONOR ANY DRAW REQUEST.

THIS LETTER OF CREDIT IS TRANSFERABLE IN WHOLE BUT NOT IN PART ONE OR MORE TIMES, BUT IN EACH INSTANCE ONLY TO A SINGLE BENEFICIARY AS TRANSFEREE AND FOR THE THEN AVAILABLE AMOUNT, ASSUMING SUCH TRANSFER TO SUCH TRANSFEREE WOULD BE IN COMPLIANCE WITH THEN APPLICABLE LAW AND REGULATION, INCLUDING BUT NOT LIMITED TO THE REGULATIONS OF THE U.S. DEPARTMENT OF TREASURY AND U.S. DEPARTMENT OF COMMERCE. AT THE TIME OF TRANSFER, THE ORIGINAL LETTER OF CREDIT AND ORIGINALS OR COPIES OF ALL AMENDMENTS, IF ANY, TO THIS LETTER OF CREDIT MUST BE SURRENDERED TO US AT OUR ADDRESS INDICATED IN THIS LETTER OF CREDIT TOGETHER WITH OUR TRANSFER FORM ATTACHED HERETO AS EXHIBIT A DULY EXECUTED. BENEFICIARY SHALL PAY OUR TRANSFER FEE OF ¼ OF 1% OF THE TRANSFER AMOUNT (MINIMUM US$250.00) UNDER THIS LETTER OF CREDIT. EACH TRANSFER SHALL BE EVIDENCED BY EITHER (1) OUR ENDORSEMENT ON THE REVERSE OF THE LETTER OF CREDIT AND WE SHALL FORWARD THE ORIGINAL OF THE LETTER OF CREDIT SO ENDORSED TO THE TRANSFEREE OR (2) OUR ISSUING A REPLACEMENT LETTER OF CREDIT TO THE TRANSFEREE ON SUBSTANTIALLY THE SAME TERMS AND CONDITIONS AS THE TRANSFERRED LETTER OF CREDIT (IN WHICH EVENT THE TRANSFERRED LETTER OF CREDIT SHALL HAVE NO FURTHER EFFECT).

IF ANY INSTRUCTIONS ACCOMPANYING A DRAWING UNDER THIS LETTER OF CREDIT REQUEST THAT PAYMENT IS TO BE MADE BY TRANSFER TO YOUR ACCOUNT WITH ANOTHER BANK, WE WILL ONLY EFFECT SUCH PAYMENT BY FED WIRE TO A U.S. REGULATED BANK, AND WE AND/OR SUCH OTHER BANK MAY RELY ON AN ACCOUNT NUMBER SPECIFIED IN SUCH INSTRUCTIONS EVEN IF THE NUMBER IDENTIFIES A PERSON OR ENTITY DIFFERENT FROM THE INTENDED PAYEE.

THIS LETTER OF CREDIT IS SUBJECT TO THE INTERNATIONAL STANDBY PRACTICES (ISP98), INTERNATIONAL CHAMBER OF COMMERCE, PUBLICATION NO. 590.

AUTHORIZED SIGNATURE AUTHORIZED SIGNATURE

IRREVOCABLE STANDBY LETTER OF CREDIT NUMBER _____

EXHIBIT A

FORM OF TRANSFER FORM

DATE: _____

TO: SILICON VALLEY BANK
3003 TASMAN DRIVE
SANTA CLARA, CA 95054
ATTN: GLOBAL TRADE FINANCE STANDBY LETTERS OF CREDIT

RE:IRREVOCABLE STANDBY LETTER OF CREDIT
NO. _____ ISSUED BY SILICON VALLEY BANK, SANTA CLARA L/C AMOUNT: _____

GENTLEMEN:

FOR VALUE RECEIVED, THE UNDERSIGNED BENEFICIARY HEREBY IRREVOCABLY TRANSFERS TO:

(NAME OF TRANSFEREE)

(ADDRESS)

ALL RIGHTS OF THE UNDERSIGNED BENEFICIARY TO DRAW UNDER THE ABOVE LETTER OF CREDIT UP TO ITS AVAILABLE AMOUNT AS SHOWN ABOVE AS OF THE DATE OF THIS TRANSFER.

BY THIS TRANSFER, ALL RIGHTS OF THE UNDERSIGNED BENEFICIARY IN SUCH LETTER OF CREDIT ARE TRANSFERRED TO THE TRANSFEREE. TRANSFEREE SHALL HAVE THE SOLE RIGHTS AS BENEFICIARY THEREOF, INCLUDING SOLE RIGHTS RELATING TO ANY AMENDMENTS, WHETHER INCREASES OR EXTENSIONS OR OTHER AMENDMENTS, AND WHETHER NOW EXISTING OR HEREAFTER MADE. ALL AMENDMENTS ARE TO BE ADVISED DIRECTLY TO THE TRANSFEREE WITHOUT NECESSITY OF ANY CONSENT OF OR NOTICE TO THE UNDERSIGNED BENEFICIARY.

THE ORIGINAL OF SUCH LETTER OF CREDIT IS RETURNED HEREWITH, AND WE ASK YOU TO EITHER (1) ENDORSE THE TRANSFER ON THE REVERSE THEREOF, AND FORWARD IT DIRECTLY TO THE TRANSFEREE WITH YOUR CUSTOMARY NOTICE OF TRANSFER, OR (2) ISSUE A REPLACEMENT LETTER OF CREDIT TO THE TRANSFEREE ON SUBSTANTIALLY THE SAME TERMS AND CONDITIONS AS THE TRANSFERRED LETTER OF CREDIT (IN WHICH EVENT THE TRANSFERRED LETTER OF CREDIT SHALL HAVE NO FURTHER EFFECT).

SINCERELY, (BENEFICIARY'S NAME) (SIGNATURE OF BENEFICIARY) (NAME AND TITLE)	SIGNATURE AUTHENTICATED The name(s), title(s), and signature(s) conform to that/those on file with us for the company and the signature(s) is/are authorized to execute this instrument. (Name of Bank) (Address of Bank)

EXHIBIT M

FORM OF SNDA

SUBORDINATION, ATTORNMENT AND NON-DISTURBANCE AGREEMENT

THIS AGREEMENT made the _____ day of _____, 202__, by and among _____, a _____ (the "**Landlord**"), _____, a _____ (the **"Tenant"**) and _____ (**"Bank"**).

BACKGROUND

A. Landlord is, or is about to be, the owner of certain premises located at _____, _____, _____, _____, as more fully described on **Exhibit "A"** (**"Premises"**) (including all rights to leases in connection therewith) which is or will be encumbered by a **[**Mortgage**]**, dated as of the date hereof, executed and delivered by Landlord in favor of Bank (the **"Mortgage"**). The Mortgage, together with all other documents in connection therewith, as they have been or may be modified from time to time, are hereinafter collectively referred to as "Loan Documents".

B. Tenant previously entered into a lease dated _____ for a portion of the Premises comprised of _____ square feet ("Leased Premises") (together with all amendments, renewals and extensions thereof, collectively referred to as the "Lease").

C. The parties desire to set out their understanding as to certain of their respective rights and obligations in the transactions above described.

NOW, THEREFORE, the parties hereto, in consideration of the mutual covenants herein contained and intending to be legally bound hereby agree as follows:

1. **Warranties and Representations**. Landlord and Tenant each warrants and represents that, as of the date hereof (a) to its knowledge, neither Landlord nor Tenant is in default under the terms of the Lease beyond any applicable notice and cure periods, (b) the Lease is in full force and effect, (c) to its knowledge, no payments under the Lease have been collected, anticipated, waived, released, discounted or otherwise discharged or compromised, except as pursuant to the terms of the Lease, (d) Landlord has not received any deposits from Tenant other than security deposits under the Lease, if any, and (e) to its knowledge, Tenant has no setoff or counterclaim against Landlord under the Lease.

2. **Payment of Rent and Other Monies Under the Lease**. Landlord and Tenant understand and agree that until all sums due under the Loan Documents have been finally paid in full, all payments now or hereafter due Landlord under the Lease shall be paid to or at the direction of Bank, pursuant to instructions sent by Bank in accordance with the Mortgage (it being understood that Bank shall not give any notice to Tenant to pay rents directly to Bank except pursuant to the express terms of the Loan Documents). Until further notice from Bank, Tenant is directed by Bank to pay all such sums to Landlord.

3. **Nonassumption of Liability by Bank**. Bank does not by execution and acceptance of this Agreement or making demand on or collecting monies under the Lease assume any liability or become liable in any manner whatsoever for the performance of any of the terms and conditions thereof, unless and until Bank shall expressly assume such obligations in writing or except for continued acts or omissions after the Bank becomes the owner of the Premises, nor shall Bank be liable for any act or omission of Landlord,

nor subject to any offsets or defenses which Tenant may have at any time against the Landlord, except as otherwise expressly set forth herein.

4. **Subordination**. Tenant covenants and agrees that the Lease now is and shall at all times continue to be subject and subordinate in each and every respect to the Mortgage and to all renewals, modifications, consolidations, replacements and extensions thereof, to the full extent of the principal, interest and other sums secured thereby. Tenant, upon request, shall execute and deliver any commercially reasonable certificate or other instrument which Bank may reasonably request to confirm said subordination.

5. **Non-liability of Bank and Successors**. Neither Bank nor any other person acquiring or succeeding to the interests of Landlord as a result of any foreclosure or other proceeding for the enforcement of the Mortgage, or by reason of a transfer of Landlord's interest under the Lease, pursuant to the taking of a deed in lieu of foreclosure (or similar device), nor such person's successors and assigns (all of the foregoing, including Bank, being hereinafter referred to as the **"Successor"**), shall be:

(a) subject to any credits, offsets, defenses or claims which Tenant might have against any prior landlord (including Landlord) or to the payment of rent or other performance under the Lease, except for continued acts or omissions that continue after such succession or transfer;

(b) bound by any prepayment of rent more than one month in advance and not actually delivered to the Successor;

(c) liable for any act or omission of any prior landlord (including Landlord), except for continued acts or omissions to the extent continuing after such succession or transfer;

(d) required to account or be liable for any security deposits, or any other monies owing by or on deposit with any prior landlord (including Landlord) to the credit of Tenant, which are not actually delivered to the Successor;

(e) bound by any amendment or modification of the Lease made without its consent;

(f) bound by any covenant to undertake or complete, or to make any contribution toward, any improvement to or expansion or rehabilitation of the Leased Premises, except as required by the Lease; or

(g) liable for any payment to Tenant of any sums, or the granting to Tenant of any credit, in the nature of a contribution towards the cost of preparing, furnishing or moving into the Leased Premises or any portion thereof, except as required by the Lease.

6. **Further Subordination**. Tenant covenants and agrees not to subordinate the Lease to any mortgage or other lien encumbering the Premises at any time, other than the Mortgage and any replacement, renewal, consolidation, substitution, extension, modification, spreader and splitter thereof, until all sums due under the Loan Documents have been finally paid in full.

7. **Notice of Default by Landlord**. Tenant covenants and agrees that Tenant will notify Bank in writing of any default by Landlord under the Lease which would entitle Tenant to cancel the Lease or abate or set off the rent or any additional rent payable thereunder, and agrees that notwithstanding any provisions of the Lease, no notice by Tenant of any such cancellation, set off or abatement shall be effective unless Bank has received notice as aforesaid, and (i) has failed within 30 days of its receipt of such notice to cure the default, or (ii) if the default cannot be cured within 30 days, Bank has failed to commence and

diligently prosecute the curing of the default which gave rise to such right of cancellation, set off or abatement (provided that in no event shall Bank shall have any obligation to cure any such default) to completion within an additional 90 day period.

8. **Attornment**. If the interest of Landlord under the Lease shall be transferred by reason of foreclosure or other proceedings for enforcement of the Mortgage, pursuant to the taking of a deed in lieu of foreclosure (or similar device) or as a result of the exercise of any power of sale under the Mortgage, Tenant shall be bound to the Successor and, except as provided herein, the Successor shall be bound to Tenant, under all of the terms, covenants and conditions of the Lease for the balance of the term thereof remaining, with the same force and effect as if the Successor were the landlord, and Tenant does hereby (i) agree to attorn to the Successor as its landlord, (ii) affirm its obligations under the Lease, and (iii) agree to make payments when due of all sums due under the Lease to the Successor, said attornment, affirmation and agreement to be effective and self-operative upon Tenant and the Successor without the execution of any further instruments. Tenant shall, at the request of Successor, execute, acknowledge and deliver such further commercially reasonable instruments evidencing such attornment as are reasonably desired by the Successor. Tenant waives the provisions of any statute or rule of law now or hereafter in effect that may give or purport to give it any right or election to terminate or otherwise adversely affect the Lease or the obligations of Tenant thereunder by reason of any foreclosure or similar proceeding. Anything in the Lease to the contrary notwithstanding, in the event that a Successor shall succeed to the interests of Landlord under the Lease, the Successor shall have no obligation, nor incur any liability, beyond its then interest, if any, in the Premises and Tenant shall look exclusively to such interest of the Successor, if any, in the Premises for the payment and discharge of any obligations imposed upon the Successor hereunder or under the Lease. Tenant agrees that with respect to any judgment which may be obtained by Tenant against the Successor, Tenant shall look solely to the estate or interest owned by the Successor in the Premises and Tenant will not collect or attempt to collect any such judgment out of any other assets of the Successor.

9. **Non-Disturbance**. As long as no event of default has occurred and is continuing under the Lease, Bank shall not name Tenant as a party defendant to any action for foreclosure or other enforcement of the Mortgage (unless required by law), nor shall the Lease be terminated by Bank in connection with, or by reasons of, foreclosure or other proceedings for the enforcement of the Mortgage, or by reason of a transfer of Landlord's interest under the Lease pursuant to the taking of a deed in lieu of foreclosure (or similar device), nor shall Tenant's use or possession of the Leased Premises be interfered with by Bank or any Successor.

10. **Lease Requirements**. Tenant agrees that this Agreement satisfies any condition or requirement in the Lease, if any, relating to the granting of a Non-Disturbance agreement with respect to the Mortgage. Tenant further agrees that in the event there is any inconsistency between the terms and provisions hereof and the terms and provisions of the Lease, the terms and provisions hereof shall be controlling as between Bank and Tenant.

11. **Modification**. This Agreement may not be modified orally or in any other manner other than by an agreement in writing signed by the parties hereto or their respective successors in interest.

12. **Notices**. Any notice given pursuant to this Agreement shall be valid only if given in writing, and shall be deemed sufficiently given if sent by hand-delivery, recognized overnight courier services or postpaid, registered or certificate mail, return receipt requested, and shall be effective upon delivery or refusal thereof. Notice to the parties to this Agreement shall be addressed as follows:

Landlord:

Attention:

Tenant:

Attention:

Bank:

Attention:

13. **Captions; Counterparts**. It is agreed that the captions of this Agreement are for convenience only and are not a part of this Agreement and do not in any way limit or amplify the terms and provisions of this Agreement. This Agreement may be executed in any number of counterparts, each of which shall constitute an original and all of which, when taken together, shall constitute one and the same agreement.

14. **Benefit and Binding Effect; Governing Law**. This Agreement shall bind and inure to the benefit of the successors and assigns of the parties hereto. This Agreement shall be governed by and construed in accordance with the laws of the state in which the Premises is located, without regard to conflict of law principles.

15. **Estoppel Certificates**. Landlord and Tenant shall, within fifteen (15) days after request of Bank furnish a commercially reasonable estoppel certificate to those named parties as are reasonably requested by Bank (it being agreed that, without limitation, such estoppel certificate may include a certification as to the status of this Lease, the existence of any defaults to such party's knowledge and the amount of rent that is due and payable).

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed as of the date first above written.

LANDLORD:

By:
Name:
Title:

TENANT:

By:
Name:
Title:

[SIGNATURES CONTINUE ON FOLLOWING PAGE]

BANK:

NAME

By:
Name:
Title:

[SIGNATURES CONTINUE ON FOLLOWING PAGE]

STATE OF :

SS.

COUNTY OF :

On this, the ____ day of _____, 202__, before me, a Notary Public, personally appeared _____, who acknowledged himself to be the _____ of _____, and that he as such officer, being authorized to do so, executed the foregoing for the purposes therein contained by signing the name of the limited liability company by himself as such officer.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal.

Notary Public
My commission expires:

[CONTINUED ON FOLLOWING PAGE]

STATE OF :
SS.
COUNTY OF :

On this, the ____ day of _____, 202__, before me, a Notary Public, personally appeared _____, who acknowledged himself to be the _____ of _____, a _____, and that he as such officer, being authorized to do so, executed the foregoing for the purposes therein contained by signing the name of the_____ by himself as such officer.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal.

Notary Public
My commission expires:

[CONTINUED ON FOLLOWING PAGE]

STATE OF :
SS.
COUNTY OF :

On this, the day of ____ day of _____, 202__, before me, a Notary Public, personally appeared _____, who acknowledged herself to be a _____ of _____, and that she as such officer, being authorized to do so, executed the foregoing for the purposes therein contained by signing the name of the bank by herself as such officer.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal.

Notary Public
My commission expires:

[CONTINUED ON FOLLOWING PAGE]

EXHIBIT "A" TO SNDA

LEGAL DESCRIPTION

EXHIBIT M
10

EXHIBIT N

FORM OF MEMORANDUM OF LEASE

Tax Parcel No.:

Prepared by/Return to:
Christopher J. Lamb, Esquire
Troutman Pepper Hamilton Sanders LLP
1313 Market Street, Suite 5100
Wilmington, DE 19801

MEMORANDUM OF LEASE

This Memorandum of Lease (**"Memorandum"**) is made and executed as of this ____ day of _____, 2021, by and between CRISP PARTNERS LLC, a Delaware limited liability company with an office at C/O MRA Group, 3 Village Rd., Suite 200, Horsham, PA 19044 (**"Lessor"**), and PRELUDE THERAPEUTICS INCORPORATED, a Delaware corporation with an office at _____ (**"Lessee"**).

Lessor and Lessee have entered into that certain Single-Tenant Triple Net Lease dated _____ (**"Lease"**) with respect to certain premises known as Building 709 (the "**Leased Premises**") located in Chestnut Run Plaza, the City of Wilmington, New Castle County, Delaware as more particularly described on Exhibit A (**"Property"**) for the term and on the terms and conditions set forth therein, including certain easements relating thereto.

Lessor and Lessee desire to give notice of the Lease and of the terms, conditions and provisions thereof, including any easements set forth therein.

NOW, THEREFORE, in consideration of the Lease, Lessor and Lessee agree, as follows:

1. Lease Agreement. Lessor has leased to Lessee and Lessee has leased from Lessor the Leased Premises, together with certain rights and appurtenances thereto, on and subject to the terms and provisions set forth in the Lease.

2. Term. The term of the Lease commences on _____ and expires on _____, unless sooner terminated pursuant to the provisions thereof.

3. Notice; Lessee Options and Rights. The purpose of this Memorandum is to give notice of the Lease and of all provisions thereof to the same extent as if fully set forth herein. Lessee has the following options pursuant to the express terms and conditions set forth in the Lease: options to renew for three (3) periods of sixty (60) months each, an option to expand the building where the Leased Premises is located, an option to relocate within the Property, a right of first offer to lease space in Building 700 of the Property. In addition, per the express terms and conditions of the Lease, Lessee has rights with respect to certain amenities to be located in Building 700 at the Property. If Lessor subdivides the Property, Lessor must enter into commercially reasonable CC&Rs upon the express terms and conditions of the Lease.

4. Memorandum of Lease Termination. Upon the expiration or earlier termination of the Lease, Lessee shall, within 10 days after request from Lessor, execute a **"Memorandum of Lease Termination"** in the form of Exhibit B attached hereto, or in such form as may be required under any applicable laws of the governmental authorities having jurisdiction over the Premises.

5. Miscellaneous. All of the terms, conditions and covenants in the Lease are hereby made a part hereof with the same force and effect as if herein set forth at length. In the event of any conflict between the terms hereof and the terms of the Lease, the terms of the Lease shall govern. Nothing contained herein is intended to modify or alter the terms, conditions or provisions of the Lease. This Memorandum may be executed in counterparts, each of which shall be deemed to constitute an original, but which taken together shall constitute one original agreement.

IN WITNESS WHEREOF, the parties hereto have executed and delivered this Memorandum of Lease as of the date first above written.

Attest:

By:
Name:
Title:

Attest:

By:
Name:
Title:

[Appropriate Acknowledgements to be added]

EXHIBIT A TO MEMORANDUM OF LEASE

EXHIBIT N
3

EXHIBIT B TO MEMORANDUM OF LEASE

FORM OF MEMORANDUM OF LEASE TERMINATION Tax Parcel No.:

Prepared by/Return to:
Christopher J. Lamb, Esquire
Troutman Pepper Hamilton Sanders LLP
1313 Market Street, Suite 5100
Wilmington, DE 19801

MEMORANDUM OF LEASE TERMINATION

This Memorandum of Lease Termination (**"Termination"**) is made and executed as of this ____ day of _____, 2021, by and between CRISP PARTNERS LLC, a Delaware limited liability company with an office at C/O MRA Group, 3 Village Rd., Suite 200, Horsham, PA 19044 (**"Lessor"**), and PRELUDE THERAPEUTICS INCORPORATED, a Delaware corporation with an office at _____ (**"Lessee"**).

Lessor and Lessee have entered into that certain Single-Tenant Triple Net Lease dated _____ (**"Lease"**) with respect to certain premises (the "**Leased Premises**") located in the City of Wilmington, New Castle County, Delaware as more particularly described on Exhibit A (**"Property"**) for the term and on the terms and conditions set forth therein, including certain easements relating thereto.

A Memorandum of Lease dated as of _____, 20__ (the **"Memorandum"**) was subsequently recorded in _____.

NOW, THEREFORE, in consideration of the Lease, Lessor and Lessee agree, as follows:

1. Termination of Memorandum. The Lease has terminated or expired in accordance with the terms and conditions more particularly set forth therein, and Lessor and Lessee wish to confirm such termination or expiration and to terminate the Memorandum of record by executing and recording this Termination. Therefore, in consideration of the Premises and intending to be legally bound, the parties hereto agree that the Lease has terminated and, accordingly, the Memorandum should be and is hereby terminated of record and of no further force and effect.

2. Miscellaneous. This Termination shall be binding upon, and shall inure to the benefit of, Lessor and Lessee and their respective successors and assigns. This Termination may be executed in counterparts, each of which shall be deemed to constitute an original, but which taken together shall constitute one original agreement.

IN WITNESS WHEREOF, the parties hereto have executed and delivered this Memorandum of Lease Termination as of the date first above written.

Attest:

By:
Name:
Title:

Attest:

By:
Name:
Title:

[Appropriate Acknowledgements to be added]

EXHIBIT N
5

EXHIBIT O

OPERATING EXPENSES EXCLUSIONS

1. depreciation and amortization of the Building or Project and any equipment;
2. the cost of the design, construction, renovation, redecorating or other preparation of tenant improvements for Tenant or other tenants or prospective tenants of the Building or Project (including, without limitation, design fees for space planning and all third-party fees and charges, permit, license and inspection fees) and allowances therefor;
3. expenses incurred by Landlord to lease space to new tenants or to retain existing tenants, including, without limitation, legal fees and disbursements, leasing commissions, and advertising, marketing and promotional expenses;
4. costs of items considered capital repairs, replacements, improvements and equipment under GAAP consistently applied or otherwise, except for Permitted Capital Items;
5. rentals for items which if purchased, rather than rented, would constitute a capital improvement which is specifically excluded in clause 4 above;
6. rent value or rental for any property manager's offices in the Building or Project;
7. wages, salaries, reimbursable expenses, benefits and other compensation of any personnel above the grade of General Manager and of any officers, trustees, members or partners of Landlord, and Landlord's general overhead expenses;
8. management and administrative fees other than the Permitted Management Fee;
9. reserves;
10. any costs or expenses allocable to the Building due to any declaration of covenants or restrictions to which the Premises may be subject, to the extent otherwise excluded from Operating Expenses pursuant to this Lease;
11. legal, accounting or other professional fees incurred in connection with negotiating, preparing or enforcing leases or lease terms, amendments of leases, terminations of leases or extensions of leases, proceedings against any tenant (including Tenant) relating to the collection of rent or other sums due to Landlord from such tenant or any other disputes with any tenant (including Tenant);
12. legal costs incurred in connection with the development, construction, alteration or improvement of the Building or the Project, or legal, auditing, accounting or other professional fees not allocated to the operation or management of the Project;
13. costs associated with the creation of any ground lease and any rental under any ground or underlying lease;
14. interest, principal, and fees on or with respect to any mortgage encumbering the Building or Project, and any costs and expenses in connection with any financing or refinancing of the Building or Project;
15. repairs or improvements paid for from the proceeds of insurance (or which would have been paid from the proceeds of insurance required to be carried by Landlord under this Lease if Landlord has failed to carry such insurance, or which would have been paid from the proceeds of insurance, but for deductibles under policies carried by Landlord under this Lease in excess of those Landlord is permitted to carry under this Lease), or paid for directly by Tenant, any other tenant(s) of the Building or Project or any third party;
16. any increase in insurance premium to the extent that such increase is caused by or attributable to the use, occupancy or act of another tenant or Landlord;
17. expenses for the replacement of any item covered under warranty to the extent of the warranty, unless such warranty was voided by Tenant or any Tenant Party;
18. amounts received by Landlord through proceeds of insurance to the extent they are compensation for sums previously included in Operating Expenses;
19. costs of repairs, replacements or other work incurred by reason of insurable casualty or eminent domain to the extent of insurance proceeds or condemnation proceeds received by Landlord;

20. the cost of any work or service performed for or facilities furnished to any tenant of the Building or Project that is not performed for or furnished to Tenant or that is performed for or furnished to any tenant in the Building or Project to a greater extent or in a manner more favorable to such tenant than that performed for or furnished to Tenant;

21. the cost of any utilities (including, without limitation, water, electricity, power, gas, sewer, waste disposal, communication and cable T.V. facilities, heating, cooling, lighting and ventilation) for which Landlord is reimbursed by Tenant or entitled to be reimbursed by other tenants of the Building or Project (other than through Operating Expenses);

22. any expense for which Landlord is entitled to be reimbursed by any tenant or reimbursed by Tenant as an additional charge in excess of base rent or for which Tenant or any other tenant or occupant of the Building or Project pays directly to third parties;

23. costs of any separate electrical meter or any survey Landlord may provide to any of the other tenants in the Building or Project;

24. costs of any mail center services for other tenants in the Building or Project if such services are not utilized by Tenant;

25. overhead and profit increment paid to affiliates of Landlord for services on or to the Building or the Project or for supplies or other materials, to the extent that the costs of the services, supplies, or materials exceed the competitive costs of the services, supplies, or materials were they not provided by an affiliate of Landlord;

26. costs incurred to test, survey, clean up, contain, encapsulate, abate, remove, dispose of, or otherwise remedy hazardous wastes or asbestos-containing materials on, in, at, under or from the Building or the Project that existed prior to the Commencement Date;

27. costs incurred for permanent and temporary works of art;

28. Landlord's income taxes and franchise, gains or estate taxes imposed upon the income of Landlord;

29. any costs and expenses in connection with the acquisition or sale of the fee, air rights or development rights with respect to the Building or the Project including, without limitation, survey costs, legal fees and disbursements, transfer taxes or stamps, costs of appraisals, engineering and inspection reports, and brokerage commissions;

30. any costs and compensation paid to clerks, attendants or other persons in commercial concessions operated by Landlord for a profit;

31. costs incurred with respect to any specialty use or service in the Building or Project which is operated by Landlord and is not available for use by Tenant or its employees;

32. payment of damages, attorneys' fees and any other amounts to any person seeking recovery for negligence or other torts of Landlord or Landlord's employees, contractors or agents (including, without limitation, any tort claims relating to asbestos);

33. the cost of any repairs, alterations, additions, improvements or replacements made to rectify, remedy or correct any structural or other defect in the original design, construction materials, installations or workmanship of the Project;

34. damages and repairs necessitated by the negligence or willful misconduct of Landlord or Landlord's employees, contractors or agents;

35. costs incurred due to violations by Landlord, or by any tenant (including Tenant) in the Building or Project, of the terms and conditions of any lease, and penalties or interest for late payment of any obligation of Landlord (unless such penalties or interest result from Tenant's late payment of Rent);

36. Landlord's general corporate overhead and costs incurred in connection with any office operations of Landlord, including, without limitation, the cost of Landlord's general corporate accounting and the cost of preparation of Landlord's income tax or information returns;

37. any tenant improvement allowance given to any tenant (including Tenant) whether given by contribution or credit against rent or otherwise, and any abatements or credits to base rent or additional rent;

38. the costs incurred in performing work or furnishing services for any tenant (including Tenant) in the Building or Project, whether at such tenant's or Landlord's expense, to the extent that such work or service is in excess of any work or service that Landlord is obligated to furnish to such tenant at Landlord's expense;
39. any rental concessions to, or lease buyouts of, Tenant or any other tenant in the Building or Project;
40. intentionally omitted;
41. the costs, expenses and fees of any asset manager or investment advisor representing Landlord or any partner or any other constituent member of Landlord;
42. costs arising from Landlord's charitable or political contributions and real estate industry association dues and licensing fees;
43. the cost of future development of the Building or Project;
44. any amounts payable by Landlord by way of indemnity or for damages or which constitute a fine, interest, or penalty other than as a result of the acts or omissions (with respect to omissions, only to the extent in violation of this Lease or Applicable Laws) of Tenant or any Tenant Party, including, without limitation, interest or penalties for any late payments of operating costs;
45. any improvement installed or work performed or any other cost or expense incurred by Landlord in order to comply with the requirements for the obtaining or renewal of a certificate of occupancy for the Building or Project or any space therein;
46. expenses attributable to storage space in the Building or Project;
47. the cost of compliance with the Americans with Disabilities Act of 1990, as amended, except as otherwise expressly permitted in the Lease to be included in Operating Expenses;
48. the operating costs incurred by Landlord relating to retail stores in Building or Project (if any);
49. the cost of overtime or other expense to Landlord in curing its defaults;
50. unusual, one-time costs related to upgrading or improving common areas, including, without limitation, costs associated with installing new carpeting, lighting, restroom fixtures and turnstiles;
51. intentionally omitted;
52. the costs associated with converting building systems away from the use of CFC's;
53. intentionally omitted;
54. costs relating to withdrawing liability or unfunded pension liability under the Multi-Employer Pension Plan Act or similar law;
55. travel and entertainment costs;
56. costs of gifts;
57. intentionally omitted;
58. costs incurred in connection with the operation and maintenance of Landlord's information systems;
59. costs associated with the operation of the business of the legal entity which constitutes Landlord, including, without limitation, legal entity formation costs and legal entity accounting fees (including, without limitation, the incremental accounting fees relating to the operation of the Building or Project to the extent incurred separately in reporting operating results to the Building's or Project's owners or lenders);
60. intentionally omitted;
61. expenses in connection with the purchase and installation of any informational displays in the Building's or Project's elevators or lobbies;
62. cost of signs in or on the Building or Project identifying the owner of the Building or Project or costs of other tenants' signs;
63. costs and expenses incurred by Landlord in order to comply with any law, rule, ordinance, regulation, statute, requirement, code or executive order, extraordinary as well as ordinary, of any governmental, public or quasi public authority, and any other entity performing similar function, that was applicable to the Premises prior to the Commencement Date and for which compliance is not triggered by Tenant's specific use or manner of use of the Premises or to Alterations made by Tenant or to the acts or

omissions (with respect to omissions, only to the extent in violation of this Lease or Applicable Laws) of Tenant or any Tenant Party;

64. all amounts which would otherwise be included in Operating Expenses which are paid to any affiliate or subsidiaries of Landlord, or any representative, employee or agent of same, to the extent the costs of such services exceed the competitive rates for similar services of comparable quality rendered by persons or entities of similar skill, competence and experience;

65. cost to Maintain the Building footings, foundations, structural steel columns or girders;

66. expenses for any item or service not provided to Tenant but exclusively to certain other tenants in the Building or Project;

67. Landlord's general corporate overhead and administrative expenses;

68. cost of sculptures, paintings and other objects of art;

69. political and charitable donations;

70. any bad debt loss, rent loss or reserves for bad debt or rent loss;

71. expenses for the defense of the Landlord's title to all or any part of the Building or Project;

72. intentionally omitted.

EXHIBIT P

PROJECT LEGAL DESCRIPTION

All that certain tract or Parcel of land situate and lying in the Christiana Hundred, the County of New Castle, State of Delaware being more particularly bounded and described as follows:

BEGINNING at a point at the Southeasterly end of a 439.12 foot radius junction curve joining the northwesterly right-of-way line of Faulkland Road (Delaware Route 34, variable width) and the northeasterly right-of-way line of Centre Road (Delaware Route 141, variable width), having DE. S.P.C.S. NAD ‘83 (2011) values N:636777.848 & E:602194.139, from said beginning point and in the same bearing system running coincident with the curved northeasterly right-of-way line of Centre Road,

1. Along a curve to the right with a radius of 439.12 feet, an arc length of 582.22 feet, (said curve having a chord bearing and distance of North 28 degrees 48 minutes 44 seconds West, 540.50 feet) to a point of reverse curvature on the easterly right-of-way line of aforesaid Centre Road, evidenced by rebar with cap set; thence, coincident with the line of Centre Road the following two (2) courses and distances:

2. North 06 degrees 09 minutes 29 seconds East a distance of 757.38 feet to a point, evidenced by a rebar with cap set; thence,

3. Curving to the right with a radius of 3,674.43 feet, northwestardly, an arc length of 1,112.86 (said curve having a chord bearing and distance of North 17 degrees 21 minutes 21 seconds East a distance of 426.40 feet) to a point, thence leaving the right-of-way line of Centre Road;

4. South 52 degrees 43 minutes 44 seconds East a distance of 50.66 feet to a point, thence;

5. Along a curve to the right with a radius of 814.00 feet, an arc length of 157.40 feet, (said curve having a chord bearing and distance of South 44 degrees 05 minutes 49 seconds East, 157.15 feet) to a point, thence;

6. South 38 degrees 33 minutes 27 seconds East a distance of 102.32 feet to a point, thence;

7. Along a curve to the left with a radius of 384.9 feet, an arc length of 73.33 feet, (said curve having a chord bearing and distance of South 44 degrees 00 minutes 54 seconds East, 73.22 feet) to a point thence;

8. South 17 degrees 35 minutes 47 seconds East a distance of 36.97 feet to a point, thence;

9. South 59 degrees 24 minutes 10 seconds East a distance of 64.95 feet to a point, thence;

10. North 86 degrees 45 minutes 54 seconds East a distance of 42.87 feet to a point, thence;

11. Along a curve to the left with a radius of 384.90 feet, an arc length of 80.39 feet, (said curve having a chord bearing and distance of South 74 degrees 36 minutes 59 seconds East, 80.24 feet) to a point, thence;

12. South 80 degrees 35 minutes 57 seconds East a distance of 837.69 feet to a point, thence;

13. South 74 degrees 57 minutes 03 seconds East a distance of 58.52 feet to a point, thence;

14. South 74 degrees 08 minutes 02 seconds East a distance of 22.39 feet to a point, thence;

15. South 72 degrees 57 minutes 23 seconds East a distance of 30.78 feet to a point, thence;

16. South 71 degrees 11 minutes 45 seconds East a distance of 30.76 feet to a point, thence;

17. South 69 degrees 04 minutes 35 seconds East a distance of 46.14 feet to a point, thence;

18. South 36 degrees 31 minutes 42 seconds East a distance of 51.60 feet to a point, thence;

19. South 77 degrees 51 minutes 48 seconds East a distance of 24.65 feet to a point, thence;

20. North 65 degrees 50 minutes 40 seconds East a distance of 41.52 feet to a point, thence;

21. North 16 degrees 11 minutes 35 seconds East a distance of 33.12 feet to a point, thence;

22. North 25 degrees 48 minutes 02 seconds West a distance of 31.37 feet to a point, thence;

23. North 09 degrees 57 minutes 39 seconds East a distance of 85.93 feet to a point, thence;

24. Along a curve to the right with a radius of 600.00 feet, an arc length of 303.63 feet, (said curve having a chord bearing and distance of North 24 degrees 27 minutes 30 seconds East, 300.40 feet) to a point, thence;

25. North 38 degrees 57 minutes 21 seconds East a distance of 124.51 feet to a point, thence;

26. South 29 degrees 24 minutes 32 seconds East a distance of 62.92 feet to a point, thence;

27. South 70 degrees 13 minutes 34 seconds East a distance of 105.66 feet to a point, thence;

28. North 67 degrees 36 minutes 25 seconds East a distance of 295.63 feet to a point, thence;

29. South 53 degrees 59 minutes 36 seconds East a distance of 172.73 feet to a point corner to the same, evidenced by a monument found; thence, still coincident with Parcel #07-032.40-119 and extending along Parcel #07-032.40-031,

30. South 53 degrees 09 minutes 06 seconds East a distance of 924.28 feet to a point, corner to Parcel #07-032.40-031, evidenced by an iron pipe found; thence, coincident with the same and extending along Parcel #07-032.40-032,

31. South 53 degrees 21 minutes 36 seconds East a distance of 199.94 feet to a point, corner to Parcels #07-032.40-032 & 07-032.40-035, evidenced by an iron pipe found; thence, coincident with Parcel #07-032.40-035 and extending along Parcel #07-032.40-036,

32. South 53 degrees 04 minutes 21 seconds East a distance of 358.74 feet non-radially to a point in the curved line of the Delaware Valley Railroad, evidenced by a monument found; thence, coincident with the line of the Delaware Valley Railroad the following four (4) courses and distances:

33. Along a curve to the left with a radius of 746.78 feet, an arc length of 484.61 feet, (said curve having a chord bearing and distance of South 21 degrees 38 minutes 58 seconds West, 476.15 feet) to a point of compound curvature, evidenced by a monument found; thence;

34. Along a curve to the left with a radius of 719.20 feet, an arc length of 323.67 feet, (said curve having a chord bearing and distance of South 09 degrees 00 minutes 33 seconds East, 320.95 feet) to a point, evidenced by a monument found; thence;

35. South 21 degrees 54 minutes 07 seconds East a distance of 427.70 feet to a point of curvature, evidenced by a monument found; thence;

36. Along a curve to the left with a radius of 1965.68 feet, an arc length of 15.72 feet, (said curve having a chord bearing and distance of South 22 degrees 07 minutes 51 seconds East, 15.72 feet) to a point in the northerly line of Faulkland Road (Delaware Route 34, variable width right of way), evidenced by a rebar white cap set; thence, coincident with the line of said Faulkland Road ;

37. North 89 degrees 40 minutes 29 seconds West a distance of 660.93 feet to a point of curvature, evidenced by a rebar with cap set; thence;

38. Along a curve to the left with a radius of 985.37 feet, an arc length of 381.79 feet, (said curve having a chord bearing and distance of South 79 degrees 13 minutes 31 seconds West, 379.41 feet) to a point, thence;

39. South 68 degrees 07 minutes 31 seconds East a distance of 227.58 feet to a point, thence;

40. Along a curve to the right with a radius of 925.37 feet, an arc length of 340.46 feet, (said curve having a chord bearing and distance of South 78 degrees 39 minutes 55 seconds West, 338.54 feet) to a point, monument found; thence, non-tangentially;

41. North 81 degrees 33 minutes 44 seconds West a distance of 650.92 feet to a point, evidenced by a monument found; thence;

42. North 86 degrees 08 minutes 09 seconds West a distance of 150.48 feet to a point, evidenced by a monument found; thence;

43. North 81 degrees 28 minutes 10 seconds West a distance of 522.61 feet to a point, evidenced by a rebar with cap set; thence;

44. North 81 degrees 42 minutes 47 seconds West a distance of 172.41 feet to a point, evidenced by a rebar with cap set; thence;

45. North 81 degrees 27 minutes 53 seconds West a distance of 45.45 feet non-tangentially to a point on a curve, evidenced by a monument found; thence;

46. Along a curve to the left with a radius of 1015.00 feet, an arc length of 238.21 feet, (said curve having a chord bearing and distance of South 86 degrees 01 minutes 47 seconds West, 237.66 feet) to a point, evidenced by a monument found; thence, non-tangentially;

47. South 79 degrees 15 minutes 55 seconds West a distance of 230.96 feet to a point, evidenced by a monument found; thence;

48. South 86 degrees 05 minutes 44 seconds West a distance of 101.00 feet to a point, evidenced by a monument found; thence;

49. South 78 degrees 41 minutes 13 seconds West a distance of 14.04 feet non-tangentially to a point on a curve, evidenced by a rebar with cap set; thence;

50. Along a curve to the right with a radius of 1673.00 feet, an arc length of 3.63 feet, (said curve having a chord bearing and distance of South 78 degrees 59 minutes 22 seconds West, 3.63 feet) to a point of compound curvature at the Southeasterly end of a 439.12 foot radius junction curve joining the northerly line of aforesaid Faulkland Road and the Easterly line of aforesaid Centre Road, to the point and place of beginning.

Said tract or Parcel of land, contained within described metes and bounds 7,110,478 square feet or 163.23 acres of land (more or less).

EXHIBIT Q

Order Number: 9130913
763277/216592

Schedule B, Part II
Exceptions

THIS COMMITMENT DOES NOT REPUBLISH ANY COVENANT, CONDITION, RESTRICTION, OR LIMITATION CONTAINED IN ANY DOCUMENT REFERRED TO IN THIS COMMITMENT TO THE EXTENT THAT THE SPECIFIC COVENANT, CONDITION, RESTRICTION, OR LIMITATION VIOLATES STATE OR FEDERAL LAW BASED ON RACE, COLOR, RELIGION, SEX, SEXUAL ORIENTATION, GENDER IDENTIFY, HANDICAP, FAMILIAL STATUS, OR NATIONAL ORIGIN.

The Policy will not insure against loss or damage resulting from the terms and provisions of any lease or easement identified in Schedule A, and will include the following Exceptions unless cleared to the satisfaction of the Company:

1. Any defect, lien, encumbrance, adverse claim, or other matter that appears for the first time in the Public Records or is created, attaches, or is disclosed between the commitment Date and the date on which all of the Schedule B, Part I - Requirements are met.

2. Rights or claims of parties in possession of the land not shown by the public record.

3. Easements, or claims of easements, not shown by the public record.

4. Any facts about the land which a correct survey would disclose and which are not shown by the public record.

5. Any loss or damage by reason of any lien or right to a lien, for services, labor or material heretofore or hereafter furnished, imposed by law and not shown by the public records.

6. Subject to sanitary sewer assessment and rent.

7. TAXES, CHARGES AND ASSESSMENTS: Accruing from 2021 - 2022.
   County Tax Balance: $511,658.10
   School Tax Balance: $1,520,170.00
   Sewer Balance: $214.00

8. SEARCH DID NOT DISCLOSE ANY OPEN MORTGAGES , therefore the Company reserves the right to require further evidence to confirm that the property is unencumbered, and further reserves the right to make additional requirements or add additional items or exceptions upon receipt of the requested evidence.

9. INTENTIONALLY DELETED

10. **SEWER AGREEMENT** by and between E. I. duPont deNemours and Company and the Levy Court of New Castle County, Delaware, dated March 11, 1953, recorded December 9, 1954 in the Office of the Recorder of Deeds in and for New Castle County, Delaware in Deed Record Z, Volume 54, Page 240

11. **EASEMENT** by and between E. I. du Pont de Nemours and Company and Artesian Water Company, dated January 9, 1956, recorded January 31, 1956 in the Office of the Recorder of Deeds in and for New Castle County, Delaware in Deed Record F, Volume 58, Page 288

This page is only a part of a 2016 ALTA® Commitment for Title Insurance issued by Fidelity National Title Insurance Company. This Commitment is not valid without the Notice; the Commitment to Issue Policy; the Commitment Conditions; Schedule A; Schedule B, Part I Requirements; and Schedule B, Part II Exceptions; and a counter signature by the Company or its issuing agent that may be in electronic form.

RLF1 25185363v.4

PERMITTED EXCEPTIONS

Schedule B, Part II
Exceptions continued

12. **LIGHTING AGREEMENT** by and between E. I. Du :Pont de Nemours & Company, dated March 13, 1956, recorded March 28, 1956 in the Office of the Recorder of Deeds in and for New Castle County, Delaware in Deed Record H, Volume 58, Page 350

13. **EASEMENT** by and between E. I. Du Pont de Nemours and Company, dated May 3, 1956, recorded March 6, 1957 in the Office of the Recorder of Deeds in and for New Castle County, Delaware in Deed Record U, Volume 59, Page 51

14. **UTILITY AGREEMENT** by and between E. I. Du Pont De Nemours and Company and Delaware Power & Light Company, dated June 1, 1962, recorded July 30, 1962 in the Office of the Recorder of Deeds in and for New Castle County, Delaware in Deed Record S, Volume 69, Page 583

15. **FENCE AGREEMENT** by and between E. I. Du Pont De Nemours and Company, Lloyd Stackhouse and June Stackhouse, dated June 15, 1964, recorded June 22, 1964 in the Office of the Recorder of Deeds in and for New Castle County, Delaware in Deed Record F, Volume 73, Page 158

16. **FENCE AGREEMENT** by and between E. I. Du Pont De Nemours and Company, Clarence Burris and Anna P. Burris, dated May 11, 1962, recorded June 22, 1964 in the Office of the Recorder of Deeds in and for New Castle County, Delaware in Deed Record F, Volume 73, Page 161

17. **WATER AGREEMENT** by and between The City of Wilmington and E. I. Du Pont De Nemours and Company, dated January 24, 1967, recorded February 1, 1967 in the Office of the Recorder of Deeds in and for New Castle County, Delaware in Deed Record L, Volume 78, Page 416

18. **EASEMENT** between E. I. Du Pont De Nemours and Company and New Castle County, Dated August 13, 1973, recorded September 7, 1973 in the Office of the Recorder of Deeds in and for New Castle County, Delaware in Deed Record G, Volume 88, Page 67

19. INTENTIONALLY DELETED per Surveyor.

20. **EASEMENT** by and between E. I. Du Pont De Nemours and Company and New Castle County, dated June 13,1974, recorded July 12, 1974 in the Office of the Recorder of Deeds in and for New Castle County, Delaware in Deed Record K, Volume 89, Page 809

21. INTENTIONALLY DELETED per Surveyor.

22. **EASEMENT** by and between E. I. Du Pont De Nemours and Company and New Castle County, dated September 14, 1979, recorded October 4, 1979 in the Office of the Recorder of Deeds in and for New Castle County, Delaware in Deed Record P, Volume 107, Page 267

23. **EASEMENT** by and between E. I. Du Pont De Nemours and Company, dated September 4, 1980, recorded October 20, 1980 in the Office of the Recorder of Deeds in and for New Castle County, Delaware in Deed Record E, Volume 112, Page 155

24. **EASEMENT** by and between E. I. Du Pont De Nemours and Company and The Mayor and Council of Wilmington, dated May 6, 1985, recorded July 9, 1985 in the Office of the Recorder of Deeds in and for New Castle County, Delaware in Deed Record 254, Page 347

Schedule B, Part II
Exceptions continued

25. **UTILITY AGREEMENT** by and between E. I. Du Pont De Nemours and Company and Delmarva Power and Light Company, dated June 17, 1986, recorded July 1, 1986 in the Office of the Recorder of Deeds in and for New Castle County, Delaware in Deed Record 394, Page 220

26. **EASEMENT** by and between E. I. Du Pont De Nemours and Company and Delmarva Power and Light Company, dated June 17, 1986, recorded July 1, 1986 in the Office of the Recorder of Deeds in and for New Castle County, Delaware in Deed Record 394, Page 225

27. **EASEMENT** by and between E. I. Du Pont De Nemours and Company and Delmarva Power & Light Company, dated July 1, 1986, recorded July 10, 1986 in the Office of the Recorder of Deeds in and for New Castle County, Delaware in Deed Record 397, Page 259

28. **EASEMENT** by and between E. I. Du Pont De Nemours and Company, dated December 1, 1987, recorded January 21, 1988 in the Office of the Recorder of Deeds in and for New Castle County, Delaware in Deed Record 651, Page 283

29. **TRAFFIC CONTROL SIGNAL AGREEMENT** by and between E. I. Du Pont De Nemours and Company and The State of Delaware, Division of Highways, dated March 17, 1989, recorded March 23, 1989 in the Office of the Recorder of Deeds in and for New Castle County, Delaware in Deed Record 847, Page 101

30. **EASEMENT** by and between E. I. Du Pont De Nemours and Company and Delmarva Power and Light Company, dated December 20, 1990, recorded January 30, 1991 in the Office of the Recorder of Deeds in and for New Castle County, Delaware in Deed Record 1135, Page 241

31. **EASEMENT** by and between E. I. Du Pont De Nemours and Company and Delmarva Power and Light Company, dated December 20, 1990, recorded January 31, 1991 in the Office of the Recorder of Deeds in and for New Castle County, Delaware in Deed Record 1136, Page 137

32. INTENTIONALLY DELETED per Surveyor.

33. **EASEMENTS AND CONDITIONS** as shown on the Record Major Land Development Plan for Chestnut Run Plaza, recorded May 16, 1991 in the Office of the Recorder of Deeds in and for New Castle County, Delaware on Microfilm No. 10868

34. **EASEMENTS AND CONDITIONS** as shown on the Record Minor Subdivision Plan for Chestnut Run Plaza, recorded August 26, 1994 in the Office of the Recorder of Deeds in and for New Castle County, Delaware on Microfilm No. 12105

35. **DECLARATION OF EASEMENTS** by E. I. Du Pont De Nemours and Company, dated September 1, 1994, recorded September 19, 1994 in the Office of the Recorder of Deeds in and for New Castle County, Delaware in Deed Record 1810, Page 189

36. **DECLARATION OF EASEMENTS** by E. I. Du Pont De Nemours and Company, dated December 22,1997, recorded January 14, 1998 in the Office of the Recorder of Deeds in and for New Castle County, Delaware in Deed Record 2384, Page 192

37. **EASEMENTS AND CONDITIONS** as shown on the Record Minor Land Development Plan for Chestnut Run Plaza, recorded January 27, 1998 in the Office of the Recorder of Deeds in and for New Castle County, Delaware on Microfilm No. 13415

Schedule B, Part II
Exceptions continued

38. **EASEMENT** by and between E. I. Du Pont De Nemours and Company and L.A. Associates, dated May 20, 1998, recorded June 3, 1998 in the Office of the Recorder of Deeds in and for New Castle County, Delaware in Document No. 2452, Page 22

39. **SEWER AGREEMENT** by and between E. I. DuPont DeNemours and Company and New Castle County, dated January 27, 2000, recorded March 10, 2000 in the Office of the Recorder of Deeds in and for New Castle County, Delaware in Deed Record 2795, Page 343

40. **STORMWATER MANAGEMENT EASEMENT AGREEMENT** by E. I. Du Pont De Nemours and Company and Du Pont Pharmaceuticals Company, dated November 1, 2000, recorded November 2, 2000 in the Office of the Recorder of Deeds in and for New Castle County, Delaware in Deed Record 2920, Page 179

41. **LAND DEVELOPMENT IMPROVEMENT AGREEMENT** by and between E. I. Du Pont De Nemours and Company, Du Pont Pharmaceuticals Company and New Castle County, dated November 16, 2000, recorded November 17, 2000 in the Office of the Recorder of Deeds in and for New Castle County, Delaware in Deed Record 2926, Page 161

42. **DECLARATION OF EASEMENTS AND RESTRICTIONS** by E I Du Pont De Nemours and Company and Du Pont Pharmaceuticals Company, dated December 15, 2000, recorded December 15, 2000 in the Office of the Recorder of Deeds in and for New Castle County, Delaware in Deed Record 2940, Page 186

43. **EASEMENTS AND CONDITIONS** as shown on the Record Resubdivision Plan for Chestnut Run Plaza Parcel B, recorded November 21, 2000 in the Office of the Recorder of Deeds in and for New Castle County, Delaware on Microfilm No. 14364

44. **EASEMENTS AND CONDITIONS** as shown on the Title Subdivision Plan for Chestnut Run Plaza Parcels B and E, recorded December 19, 2000 in the Office of the Recorder of Deeds in and for New Castle County, Delaware on Microfilm No. 14388

45. **DECLARATION OF RESTRICTIONS** by E. I. Du Pont De Nemours and Company and Du Pont Pharmaceuticals Company, dated December 15, 2000, recorded December 21, 2000 in the Office of the Recorder of Deeds in and for New Castle County, Delaware in Deed Record 2943, Page 176

46. **EASEMENTS AND CONDITIONS** as shown on the Easement Exhibit for Chestnut Run Plaza, Parcels A,B,C and E, recorded December 15, 2000 in the Office of the Recorder of Deeds in and for New Castle County, Delaware on Microfilm No. 14383

47. **MEMORANDUM OF OPTION TO PURCHASE RIGHT OF FIRST OFFER/RIGHT OF FIRST REFUSAL** by and between Chestnut Run Associates, LLC and E. I. Du Pont De Nemours and Company, dated December 21, 2000, recorded December 21, 2000 in the Office of the Recorder of Deeds in and for New Castle County, Delaware in Deed Record 2943, Page 179

48. **DECLARATION OF EASEMENTS AND RESTRICTIONS** by E. I. Du Pont De Nemours and Company, dated December 5, 2001, recorded December 12, 2001 in the Office of the Recorder of Deeds in and for New Castle County, Delaware in Document No. 20011212-0105015

Schedule B, Part II
Exceptions continued

49. **EASEMENTS AND CONDITIONS** as shown on the Record Title Subdivision Plan for Chestnut Run Plaza Parcels B,F,G and H, recorded January 4, 2002 in the Office of the Recorder of Deeds in and for New Castle County, Delaware on Microfilm No. 20020104-0001765

50. **PERMANENT EASEMENT AGREEMENT** by and between E. I. Du Pont De Nemours and Company and The State of Delaware by and through the Department of Transportation, dated September 20, 2006, recorded May 9, 2007 in the Office of the Recorder of Deeds in and for New Castle County, Delaware in Document No. 20070509-0041940

51. **PERMANENT EASEMENT AGREEMENT** by and between E I. Du Pont De Nemours and Company and the State of Delaware, by and through the Department of Transportation, dated April 26, 2007, recorded July 27, 2007 in the Office of the Recorder of Deeds in and for New Castle County, Delaware in Document No. 20070727-0066540

52. **DRAINAGE AGREEMENT** by and between E. I. Du Pont De Nemours and Company and Barley Mill LLC, dated September 28, 2007, recorded October 1, 2007 in the Office of the Recorder of Deeds in and for New Castle County, Delaware in Document No. 20071001-0086349

53. **LAND DEVELOPMENT IMPROVEMENT AGREEMENT** by and between E. I. Du Pont De Nemours and Company and New Castle County, dated October 29, 2009, recorded November 3, 2009 in the Office of the Recorder of Deeds in and for New Castle County, Delaware in Document No. 20091103-0070044

54. **EASEMENTS AND CONDITIONS** as shown on the Record Minor Land Development Plan for Chestnut Run Plaza, recorded December 23, 2009 in the Office of the Recorder of Deeds in and for New Castle County, Delaware on Microfilm No. 20091223-0081045

55. **TELECOMMUNICATIONS EASEMENT** by and between E. I. Du Pont De Nemours and Company, dated February 25, 2010, recorded March 15, 2010 in the Office of the Recorder of Deeds in and for New Castle County, Delaware in Document No. 20100315-0012538

56. **SANITARY SEWER AGREEMENT** between E. I. DuPont DeNemours and Co. and New Castle County, dated May 14, 2010, recorded June 8, 2010 in the Office of the Recorder of Deeds in and for New Castle County, Delaware in Document No. 20100608-0028672

57. **UTILITY EASEMENT AGREEMENT** between E. I. Du Pont De Nemours and Company and Delmarva Power and Light Company, dated July 14, 2010, recorded August 25, 2010 in the Office of the Recorder of Deeds in and for New Castle County, Delaware in Document No. 20100825-0044178

58. **EASEMENTS AND CONDITIONS** as shown on the Record Plan for Chestnut Run Plaza Parcels A,B & E, recorded March 10, 2011 in the Office of the Recorder of Deeds in and for New Castle County, Delaware on Microfilm No. 20110310-0013537

59. **AMENDMENT OF UTILITY EASEMENT AGREEMENT** between E. I. Du Pont De Nemours and Company and Delmarva Power and Light Company, dated June 22, 2011, recorded August 23, 2011 in the Office of the Recorder of Deeds in and for New Castle County, Delaware in Document No. 20110823-0052591

60. **AMENDMENT TO UTILITY EASEMENT AGREEMENT** between E. I. Du Pont De Nemours and Company and Delmarva Power and Light Company, dated June 22, 2011, recorded

Schedule B, Part II
Exceptions continued

August 23, 2011 in the Office of the Recorder of Deeds in and for New Castle County, Delaware in Document No. 20110823-0052592

61. **EASEMENTS AND CONDITIONS** as shown on the Record Resubdivision Plan for Chestnut Run Plaza, recorded May 7, 2012 in the Office of the Recorder of Deeds in and for New Castle County, Delaware on Microfilm No. 20120507-0025245

62. **UTILITY EASEMENT AGREEMENT** by and between E. I. Du Pont De Nemours and Company and the City of Wilmington, dated January 22, 2013, recorded May 16, 2013 in the Office of the Recorder of Deeds in and for New Castle County, Delaware in Document No. 20130516-0031487

63. **EASEMENTS AND CONDITIONS** as shown on the Record Plan for Chestnut Run Plaza Parking Lot Expansion, recorded July 19, 2013 in the Office of the Recorder of Deeds in and for New Castle County, Delaware on Microfilm No. 20130719-0047279

64. **EASEMENT AND RIGHT OF WAY** between E. I. Du Pont De Nemours and Company and Comcast Cable Communications Management, LLC, dated April 9, 2015, recorded May 5, 2015 in the Office of the Recorder of Deeds in and for New Castle County, Delaware in Document No. 20150505-0020992

65. **LAND DEVELOPMENT IMPROVEMENT AGREEMENT** as set forth in Document No. 202007240061278

66. **CROSS EASEMENT AND MAINTENANCE DECLARATION** as set forth in Document No. 202008250071851

67. **MINOR LAND DEVELOPMENT PLAN AND TITLE SUBDIVISION** for Chestnut Run Plaza as shown in Microfilm No. MAP 202010290096305

68. UTILITY EASEMENT AGREEMENT between Dupont Specialty Products USA, LLC and Delmarva Power & Light Company dated August 5, 2021 and recorded August 13, 2021 in Document No. 20210813-0094631

69. UTILITY EASEMENT AGREEMENT between Dupont Specialty Products USA, LLC and Delmarva Power & Light Company dated August 11, 2021 and recorded August 13, 2021 in Document No. 20210813-0094630

70. UTILITY EASEMENT AGREEMENT between Dupont Specialty Products USA, LLC and Delmarva Power & Light Company dated and recorded in Document No.

71. UTILITY EASEMENT AGREEMENT between Dupont Specialty Products USA, LLC and Delmarva Power & Light Company dated and recorded in Document No.

72. AGREEMENT by and between E. I. Dupont de Nemours and Company and Delaware Power & Light Company dated October 21, 1960 and recorded in Document No.

73. ALTA/NSPS Land Title Survey Lot 2 Chestnut Run Plaza by Pennoni & Associates, Inc., dated , shows the following: to be added upon completion of the survey

Schedule B, Part II
Exceptions continued

EXHIBIT Q
7

Exhibit 10.12

FIRST AMENDMENT TO SINGLE-TENANT TRIPLE NET LEASE

This **FIRST AMENDMENT TO SINGLE-TENANT TRIPLE NET LEASE** (the "First Amendment") is made as of 11/15/2021 , by and between **CRISP PARTNERS LLC**, a Delaware limited liability company ("Landlord") and **PRELUDE THERAPEUTICS INCORPORATED**, a Delaware corporation ("Tenant").

WHEREAS, Landlord and Tenant entered into that certain Single-Tenant Triple Net Lease dated September 13, 2021 (the "Lease"), pursuant to which Tenant is currently in possession of certain premises known as Building 709, consisting of approximately 80,874 rentable square feet of space being further described or depicted in the Lease (the "Premises"), located at Chestnut Run Plaza, 984 Centre Road, Wilmington, Delaware (the "Building");

WHEREAS, Landlord and Tenant both agree to amend the Lease; and

NOW, THEREFORE, Landlord and Tenant, in consideration of the mutual promises contained herein and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, and intending to be legally bound, agree as follows:

1. **Contingency Date**. The Contingency Date as defined in Section 26.21 ("Contingency") of the Lease is hereby deleted in its entirety and amended to be on or before November 30, 2021 (the "Contingency Date"). All other terms and conditions outlined in Section 26.21 of the Lease shall remain in full force and effect.

2. **Brownfields Development Agreement**.

   a. Pursuant to the Delaware Hazardous Substance Cleanup Act ("HSCA"), the Building and certain other real property at 984 Centre Road, Wilmington, Delaware, is subject to a Brownfields Development Agreement ("BDA") as defined in 7 Del. C. § 9123 (2), and is a certified brownfield, as defined in 7 Del. C. § 9123 (3) ("Certified Brownfield"). Landlord has entered into a BDA with DNREC, a copy of which is attached as Exhibit A. The BDA requires Landlord to take certain measures to conduct a Brownfield Investigation and to implement any Remedial Action Work Plan and Final Plan of Remedial Action, as defined in the BDA, and as issued, approved, modified, or amended by DNREC.

   b. In accordance with the BDA part VIII, sections 49–51, on the Effective Date, Landlord, and any assignee, successor-in-interest, lessee or sub-lessee of the Certified Brownfield, or any portion thereof, including Tenant, grants DNREC an irrevocable right of access to the Certified Brownfield at all reasonable times to any area to which access is required for investigation of contamination, and or the implementation of remedies at the Certified Brownfield. Any lease, sublease, assignment or transfer of the Certified Brownfield or any interest in the Certified Brownfield, shall be in compliance with the provisions of the BDA and grant DNREC with an irrevocable right of access to the Certified Brownfield.

3. **Effect of Amendment**. Except as modified by this First Amendment, the Lease and all the covenants, agreements, terms, provisions and conditions thereof shall remain in full force and effect and are hereby ratified and affirmed. The term "Lease" and all references thereto as used in the Lease and this First Amendment shall mean and refer to the Lease as amended by this First Amendment. The covenants, agreements, terms, provisions and

conditions contained in this First Amendment shall bind and inure to the benefit of the parties hereto and their respective successors and, except as otherwise provided in the Lease, their respective assigns. In the event of any conflict between the terms contained in this First Amendment and the Lease, the terms herein contained shall supersede and control the obligations and liabilities of the parties.

4. **Miscellaneous**. The submission of this First Amendment for examination does not constitute an offer, and this First Amendment becomes effective only upon execution and delivery hereof by Landlord and Tenant. The foregoing Background paragraphs are incorporated into this First Amendment by this reference thereto with the same force and effect as if stated in full herein. The captions of the paragraphs and subparagraphs in this First Amendment are inserted and included solely for convenience and shall not be considered or given any effect in construing the provisions hereof. This First Amendment may be executed by the parties in any number of counterparts, each of which shall be deemed to constitute an original and all of which, when taken together, shall constitute one and the same instrument. For purposes of this First Amendment, facsimile and electronic signatures shall be deemed to constitute originals.

IN WITNESS WHEREOF, Landlord and Tenant have executed and delivered this First Amendment as of the date and year first above written.

AS TO LANDLORD:	AS TO TENANT:
CRISP PARTNERS LLC	**PRELUDE THERAPEUTICS INCORPORATED**
BY: /s/ Lawrence J. Stuardi	BY: /s/ Krishna Vaddi
Lawrence J. Stuardi, Member	Krishna Vaddi, Chief Executive Officer

Exhibit 23.1

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in the following Registration Statements:

(1) Registration Statement (Form S-8 No. 333-249032) pertaining to the 2016 Stock Incentive Plan, 2020 Equity Incentive Plan, and 2020 Employee Stock Purchase Plan of Prelude Therapeutics Incorporated,

(2) Registration Statement (Form S-8 No. 333-254349) pertaining to the 2020 Equity Incentive Plan and 2020 Employee Stock Purchase Plan of Prelude Therapeutics Incorporated, and

(3) Registration Statement (Form S-3 No. 333-261019) of Prelude Therapeutics Incorporated;

of our report dated March 17, 2022, with respect to the financial statements of Prelude Therapeutics Incorporated included in this Annual Report (Form 10-K) of Prelude Therapeutics Incorporated for the year ended December 31, 2021.

/s/ Ernst & Young LLP

Philadelphia, Pennsylvania
March 17, 2022

Exhibit 31.1

CERTIFICATION PURSUANT TO RULE 13a-14(a) OR 15d-14(a) OF THE SECURITIES EXCHANGE ACT OF 1934, AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Krishna Vaddi, certify that:

1. I have reviewed this annual report on Form 10-K of Prelude Therapeutics Incorporated;

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

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

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

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

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

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

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

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

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

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

Date: March 17, 2022

/s/ Krishna Vaddi

Krishna Vaddi, Ph.D.
Chief Executive Officer and Director
(Principal Executive Officer)

Exhibit 31.2

CERTIFICATION PURSUANT TO RULE 13a-14(a) OR 15d-14(a) OF THE SECURITIES EXCHANGE ACT OF 1934, AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Laurent Chardonnet, certify that:

1. I have reviewed this annual report on Form 10-K of Prelude Therapeutics Incorporated;

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

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

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

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

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

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

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

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

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

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

Date: March 17, 2022

/s/ Laurent Chardonnet

Laurent Chardonnet
Chief Financial Officer
(Principal Accounting and Financial Officer)

Exhibit 32.1

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

I, Krishna Vaddi, Chief Executive Officer of Prelude Therapeutics Incorporated (the "Company"), do hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

1. the Annual Report on Form 10-K of the Company for the fiscal year ended December 31, 2021 (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

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

Dated: March 17, 2022

/s/ Krishna Vaddi
Krishna Vaddi, Ph.D.
Chief Executive Officer and Director
(Principal Executive Officer)

Exhibit 32.2

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

I, Laurent Chardonnet, Chief Financial Officer of Prelude Therapeutics Incorporated (the "Company"), do hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

1. the Annual Report on Form 10-K of the Company for the fiscal year ended December 31, 2021 (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

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

Dated: March 17, 2022

/s/ Laurent Chardonnet
Laurent Chardonnet
Chief Financial Officer
(Principal Accounting and Financial Officer)