

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

**FORM 10-Q**

**QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**  
For the quarterly period ended September 30, 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 001-36548

**ATARA BIOTHERAPEUTICS, INC.**

(Exact name of Registrant as specified in its Charter)

**Delaware**  
(State or other jurisdiction of incorporation or organization)

**46-0920988**  
(I.R.S. Employer Identification No.)

**611 Gateway Blvd., Suite 900**  
**South San Francisco, CA**  
(Address of principal executive offices)

**94080**  
(Zip Code)

Registrant's telephone number, including area code: (650) 278-8930

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

<u>Title of Each Class</u>	<u>Trading Symbol(s)</u>	<u>Name of Each Exchange on Which Registered</u>
Common Stock, par value \$0.0001 per share	ATRA	The Nasdaq Stock Market LLC

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

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

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

Large accelerated filer	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
Emerging growth company	<input type="checkbox"/>		

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

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

The number of outstanding shares of the Registrant's Common Stock as of October 29, 2021 was 88,417,386 shares.

ATARA BIOTHERAPEUTICS, INC.

INDEX

	<u>Page</u>
<b>PART I. FINANCIAL INFORMATION</b>	
Item 1. Financial Statements (Unaudited)	
<a href="#">Condensed Consolidated Balance Sheets</a>	5
<a href="#">Condensed Consolidated Statements of Operations and Comprehensive Loss</a>	6
<a href="#">Condensed Consolidated Statements of Changes in Stockholders' Equity</a>	7
<a href="#">Condensed Consolidated Statements of Cash Flows</a>	8
<a href="#">Notes to Condensed Consolidated Financial Statements</a>	9
Item 2. <a href="#">Management's Discussion and Analysis of Financial Condition and Results of Operations</a>	19
Item 3. <a href="#">Quantitative and Qualitative Disclosures about Market Risk</a>	28
Item 4. <a href="#">Controls and Procedures</a>	29
<b>PART II. OTHER INFORMATION</b>	30
Item 1. <a href="#">Legal Proceedings</a>	30
Item 1A. <a href="#">Risk Factors</a>	30
Item 2. <a href="#">Unregistered Sales of Equity Securities and Use of Proceeds</a>	69
Item 3. <a href="#">Defaults Upon Senior Securities</a>	69
Item 4. <a href="#">Mine Safety Disclosures</a>	69
Item 5. <a href="#">Other Information</a>	69
Item 6. <a href="#">Exhibits</a>	70
<a href="#">Signatures</a>	71

## NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q contains forward-looking statements within the meaning of the safe harbor provisions of the U.S. Private Securities Litigation Reform Act of 1995. Such forward-looking statements, which represent our intent, belief or current expectations, involve risks and uncertainties and other factors that could cause actual results and the timing of certain events to differ materially from future results expressed or implied by such forward-looking statements. In some cases you can identify these statements by forward-looking words such as “believe,” “may,” “will,” “estimate,” “continue,” “anticipate,” “intend,” “could,” “would,” “project,” “predict,” “plan,” “expect” or the negative or plural of these words or similar expressions. The forward-looking statements include, but are not limited to, statements about:

- our expectations regarding the timing of initiating clinical studies, opening client sites, enrolling clinical studies and reporting results of clinical studies for our programs, including in light of the COVID-19 pandemic;
- the likelihood and timing of regulatory submissions or related approvals for our product candidates, including the initiation, completion and expectations about the timing of approvals for our biologics license application (BLA) and marketing authorization application (MAA) for tab-cel<sup>®</sup> for patients with Epstein-Barr virus with post-transplant lymphoproliferative disease (EBV+ PTLD);
- the potential indications for our product candidates, if approved for commercial use;
- the potential market opportunities for commercializing our product candidates;
- our Research, Development and License Agreement with Bayer, including potential milestone and royalty payments under the agreement;
- our Commercialization Agreement with Pierre Fabre Medicament, including potential milestone and royalty payments under the agreement;
- our expectations regarding the potential market size and the size of the patient populations for our product candidates, if approved for commercial use;
- estimates of our expenses, capital requirements and need for additional financing;
- our expectation regarding the length of time that our existing capital resources will be sufficient to enable us to fund our planned operations;
- our ability to commercialize our product candidates, if approved for commercial use;
- our ability to develop, acquire and advance product candidates into, and successfully complete, clinical studies;
- the initiation, timing, costs, progress and results of future preclinical studies and clinical studies and our research and development programs;
- our ability to enter into and maintain contracts with clinical research organizations, manufacturing organizations and other vendors for clinical and pre-clinical studies, supplies and other services;
- the scope of protection we are able to obtain and maintain for the intellectual property rights covering our product candidates;
- our financial performance;
- developments and projections relating to our competitors and our industry;
- our ability to manufacture our product candidates for our clinical studies, or if approved, for commercial sale;
- the impact of COVID-19 to our business and operations, as well as the businesses and operations of third parties on which we rely;
- our ability to sell or manufacture approved products at commercially reasonable values; and
- timing and costs related to qualification of our manufacturing plant for commercial production.

These statements are only current predictions and are subject to known and unknown risks, uncertainties, including, without limitation, risks and uncertainties associated with the costly and time-consuming pharmaceutical product development process and the uncertainty of clinical success; the COVID-19 pandemic, which may significantly impact (i) our business, research, clinical development plans and operations, including our operations in South San Francisco and Southern California and at our clinical trial sites, as well as the business or operations of our third-party manufacturer, contract research organizations or other third parties with

whom we conduct business, (ii) our ability to access capital, and (iii) the value of our common stock; the sufficiency of our cash resources and need for additional capital and other factors that may cause our or our industry's actual results, levels of activity, performance or achievements to be materially different from those anticipated by the forward-looking statements. We discuss many of these risks in this report in greater detail under the heading "1A. Risk Factors" and elsewhere in this report. You should not rely upon forward-looking statements as predictions of future events. New risk factors and uncertainties may emerge from time to time, and it is not possible for management to predict all risks and uncertainties.

*In this Quarterly Report on Form 10-Q, unless the context requires otherwise, "Atara," "Atara Biotherapeutics," "Company," "we," "our," and "us" means Atara Biotherapeutics, Inc. and, where appropriate, its subsidiaries.*

## **Summary Risk Factors**

Our business is subject to numerous risks and uncertainties that may have a material adverse effect on our business, financial condition or results of operations. These risks are more fully described below. These risks include, among others:

- we have incurred substantial losses since our inception and anticipate that we will continue to incur substantial and increasing losses for the foreseeable future;
- we currently have no approved products and thus have no revenues from commercialization of any products and may never generate revenues from the sale of products or achieve profitability;
- we are generally early in our development efforts, have only a small number of product candidates in clinical development, and we will need to successfully complete preclinical and clinical testing of our product candidates before we can seek regulatory approval and potentially generate commercial sales;
- we will require substantial additional financing to achieve our goals, which may not be available to us on acceptable terms, or at all;
- our future success depends on our ability to retain our executive officers and to attract, retain and motivate qualified personnel;
- the results of preclinical studies or earlier clinical studies are not necessarily predictive of future results, and our existing product candidates in clinical studies, and any other product candidates we advance into clinical studies may not have favorable results in later clinical studies or receive regulatory approval;
- clinical drug development, both in the U.S. and international jurisdictions, involves a lengthy and expensive process with an uncertain outcome and even if our product candidates receive regulatory approval, they may still face future development and regulatory difficulties;
- our T-cell immunotherapy product candidates and our next-generation CAR T programs represent new therapeutic approaches that could result in heightened regulatory scrutiny and delays in or our inability to achieve regulatory approval, commercialization or payor coverage of our product candidates;
- the market opportunities for our product candidates may be limited to those patients who are ineligible for or have failed prior treatments and may be small;
- we may not be able to obtain or maintain orphan drug exclusivity for our product candidates;
- the COVID-19 pandemic continues to impact our business and operations and could materially and adversely affect our business and operations in the future, as well as the businesses and operations of third parties on which we rely;
- our success depends upon our ability to obtain and maintain sufficient intellectual property protection for our product candidates, and we may not be able to protect our intellectual property rights throughout the world;
- our principal stockholders own a significant percentage of our stock and will be able to exert significant control over matters subject to stockholder approval; and
- we may not be able to obtain and maintain the relationships with third parties that are necessary to develop, commercialize and manufacture some or all of our product candidates.

**ATARA BIOTHERAPEUTICS, INC.**  
**Condensed Consolidated Balance Sheets**  
**(Unaudited)**  
**(In thousands, except per share amounts)**

	September 30, 2021	December 31, 2020
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 113,209	\$ 200,404
Short-term investments	244,036	300,255
Restricted cash - short-term	194	194
Accounts receivable	—	1,250
Prepaid expenses and other current assets	12,058	21,170
Total current assets	369,497	523,273
Property and equipment, net	53,485	50,517
Operating lease assets, net	25,071	12,303
Restricted cash - long-term	1,200	1,200
Other assets	670	827
Total assets	<u>\$ 449,923</u>	<u>\$ 588,120</u>
<b>Liabilities and stockholders' equity</b>		
Current liabilities:		
Accounts payable	\$ 16,543	\$ 7,118
Accrued compensation	19,140	20,458
Accrued research and development expenses	9,974	15,813
Deferred revenue	31,226	33,455
Other current liabilities	9,267	6,057
Total current liabilities	86,150	82,901
Deferred revenue - long-term	26,843	27,795
Operating lease liabilities - long-term	24,574	13,041
Other long-term liabilities	2,215	2,044
Total liabilities	139,782	125,781
Commitments and contingencies (Note 7)		
Stockholders' equity:		
Common stock—\$0.0001 par value, 500,000 shares authorized as of September 30, 2021 and December 31, 2020; 88,387 and 83,372 shares issued and outstanding as of September 30, 2021 and December 31, 2020, respectively	9	8
Additional paid-in capital	1,681,481	1,586,616
Accumulated other comprehensive income	24	296
Accumulated deficit	(1,371,373)	(1,124,581)
Total stockholders' equity	310,141	462,339
Total liabilities and stockholders' equity	<u>\$ 449,923</u>	<u>\$ 588,120</u>

*See accompanying notes.*

**ATARA BIOTHERAPEUTICS, INC.**  
**Condensed Consolidated Statements of Operations and Comprehensive Loss**  
**(Unaudited)**  
**(In thousands, except per share amounts)**

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
License and collaboration revenue	\$ 5,370	\$ —	\$ 12,792	\$ —
Operating expenses:				
Research and development	70,333	59,877	202,867	179,096
General and administrative	19,849	14,829	56,984	48,259
Total operating expenses	<u>90,182</u>	<u>74,706</u>	<u>259,851</u>	<u>227,355</u>
Loss from operations	(84,812)	(74,706)	(247,059)	(227,355)
Interest and other income, net	148	364	283	2,049
Loss before provision for income taxes	(84,664)	(74,342)	(246,776)	(225,306)
Provision for income taxes	—	6	16	7
Net loss	\$ (84,664)	\$ (74,348)	\$ (246,792)	\$ (225,313)
Other comprehensive gain (loss):				
Unrealized gain (loss) on available-for-sale securities	(38)	(283)	(272)	307
Comprehensive loss	<u>\$ (84,702)</u>	<u>\$ (74,631)</u>	<u>\$ (247,064)</u>	<u>\$ (225,006)</u>
Net loss per common share:				
Basic and diluted net loss per common share	<u>\$ (0.90)</u>	<u>\$ (0.92)</u>	<u>\$ (2.67)</u>	<u>\$ (3.21)</u>
Weighted-average shares outstanding used to calculate basic and diluted net loss per common share	<u>93,602</u>	<u>81,176</u>	<u>92,411</u>	<u>70,170</u>

*See accompanying notes.*

**ATARA BIOTHERAPEUTICS, INC.**  
**Condensed Consolidated Statements of Changes in Stockholders' Equity**  
**(Unaudited)**  
**(In thousands)**

	Common Stock		Additional Paid-in Capital	Accumulated	Accumulated Deficit	Total Stockholders' Equity
	Shares	Amount		Other Comprehensive Income		
<b>For the Nine Months Ended September 30, 2021</b>						
Balance as of December 31, 2020	83,372	\$ 8	\$ 1,586,616	\$ 296	\$ (1,124,581)	\$ 462,339
Issuance of common stock through ATM facilities, net of commissions and offering costs of \$139	146	—	2,382	—	—	2,382
RSU settlements, net of shares withheld	449	—	(1,231)	—	—	(1,231)
Issuance of common stock pursuant to employee stock awards	108	—	1,749	—	—	1,749
Stock-based compensation expense	—	—	12,268	—	—	12,268
Net loss	—	—	—	—	(78,335)	(78,335)
Unrealized loss on available-for-sale securities	—	—	—	(135)	—	(135)
Balance as of March 31, 2021	84,075	\$ 8	\$ 1,601,784	\$ 161	\$ (1,202,916)	\$ 399,037
RSU settlements, net of shares withheld	423	—	(13)	—	—	(13)
Issuance of common stock pursuant to employee stock awards	256	—	2,599	—	—	2,599
Stock-based compensation expense	—	—	13,807	—	—	13,807
Net loss	—	—	—	—	(83,793)	(83,793)
Unrealized loss on available-for-sale securities	—	—	—	(99)	—	(99)
Balance as of June 30, 2021	84,754	\$ 8	\$ 1,618,177	\$ 62	\$ (1,286,709)	\$ 331,538
Issuance of common stock through ATM facilities, net of commissions and offering costs of \$1,249	3,259	1	48,700	—	—	48,701
RSU settlements, net of shares withheld	306	—	—	—	—	—
Issuance of common stock pursuant to employee stock awards	68	—	842	—	—	842
Stock-based compensation expense	—	—	13,762	—	—	13,762
Net loss	—	—	—	—	(84,664)	(84,664)
Unrealized loss on available-for-sale securities	—	—	—	(38)	—	(38)
Balance as of September 30, 2021	88,387	\$ 9	\$ 1,681,481	\$ 24	\$ (1,371,373)	\$ 310,141

	Common Stock		Additional Paid-in Capital	Accumulated	Accumulated Deficit	Total Stockholders' Equity
	Shares	Amount		Other Comprehensive Income		
<b>For the Nine Months Ended September 30, 2020</b>						
Balance as of December 31, 2019	56,806	\$ 6	\$ 1,108,516	\$ 220	\$ (817,961)	\$ 290,781
Issuance of common stock through ATM facilities, net of commissions and offering costs of \$704	1,528	—	22,987	—	—	22,987
Exercise of pre-funded warrants	57	—	—	—	—	—
RSU settlements, net of shares withheld	455	—	(1,395)	—	—	(1,395)
Issuance of common stock pursuant to employee stock awards	94	—	1,330	—	—	1,330
Stock-based compensation expense	—	—	12,644	—	—	12,644
Net loss	—	—	—	—	(73,509)	(73,509)
Unrealized loss on available-for-sale securities	—	—	—	(16)	—	(16)
Balance as of March 31, 2020	58,940	\$ 6	\$ 1,144,082	\$ 204	\$ (891,470)	\$ 252,822
Issuance of common stock through ATM facilities, net of commissions and offering costs of \$370	14,958	1	189,300	—	—	189,301
RSU settlements, net of shares withheld	219	—	—	—	—	—
Issuance of common stock pursuant to employee stock awards	191	—	1,904	—	—	1,904
Stock-based compensation expense	—	—	13,948	—	—	13,948
Net loss	—	—	—	—	(77,456)	(77,456)
Unrealized gain on available-for-sale securities	—	—	—	606	—	606
Balance as of June 30, 2020	74,308	\$ 7	\$ 1,349,234	\$ 810	\$ (968,926)	\$ 381,125
Issuance of common stock through ATM facilities, net of commissions and offering costs of \$878	2,582	1	34,126	—	—	34,127
RSU settlements, net of shares withheld	316	—	(126)	—	—	(126)
Issuance of common stock pursuant to employee stock awards	14	—	185	—	—	185
Stock-based compensation expense	—	—	13,255	—	—	13,255
Net loss	—	—	—	—	(74,348)	(74,348)
Unrealized loss on available-for-sale securities	—	—	—	(283)	—	(283)
Balance as of September 30, 2020	77,220	\$ 8	\$ 1,396,674	\$ 527	\$ (1,043,274)	\$ 353,935

See accompanying notes.

**ATARA BIOTHERAPEUTICS, INC.**  
**Condensed Consolidated Statements of Cash Flows**  
**(Unaudited)**  
**(In thousands)**

	Nine Months Ended September 30,	
	2021	2020
<b>Operating activities</b>		
Net loss	\$ (246,792 )	\$ (225,313 )
Adjustments to reconcile net loss to net cash used in operating activities:		
Stock-based compensation expense	39,837	39,847
Depreciation and amortization expense	6,857	6,175
Amortization of investment premiums	1,251	458
Non-cash operating lease expense	1,275	1,100
Loss on disposals of property and equipment	—	93
Asset retirement obligation accretion expense	64	58
Changes in operating assets and liabilities:		
Accounts receivable	1,250	—
Prepaid expenses and other current assets	10,841	717
Operating lease assets	—	886
Other assets	27	(209 )
Accounts payable	8,710	(2,718 )
Accrued compensation	(1,318 )	2,004
Accrued research and development expenses	(5,839 )	542
Other current liabilities	1,859	(459 )
Deferred revenue	(3,182 )	—
Operating lease liabilities	(1,294 )	(924 )
Other long-term liabilities	201	1,104
Net cash used in operating activities	(186,253 )	(176,639 )
<b>Investing activities</b>		
Purchases of short-term investments	(224,754 )	(279,192 )
Proceeds from maturities and sales of short-term investments	279,450	199,268
Purchases of property and equipment	(8,114 )	(3,912 )
Net cash provided by (used in) investing activities	46,582	(83,836 )
<b>Financing activities</b>		
Proceeds from sale of common stock in underwritten offerings, net	—	189,301
Proceeds from issuance of common stock through ATM facilities, net	48,739	58,045
Proceeds from employee stock awards	5,190	3,407
Taxes paid related to net share settlement of restricted stock units	(1,244 )	(1,521 )
Principal payments on finance lease obligations	(192 )	(289 )
Other financing activities, net	(17 )	(165 )
Net cash provided by financing activities	52,476	248,778
Decrease in cash, cash equivalents and restricted cash	(87,195 )	(11,697 )
Cash, cash equivalents and restricted cash at beginning of period	201,798	75,711
Cash, cash equivalents and restricted cash at end of period	\$ 114,603	\$ 64,014
<b>Non-cash investing and financing activities</b>		
Property and equipment purchases included in accounts payable and other accrued liabilities	\$ 1,858	\$ 230
Proceeds from issuance of common stock through ATM facilities not yet received	\$ 2,344	\$ 254
Operating lease assets obtained in exchange for lease obligations	\$ 13,427	\$ —
Finance lease assets obtained in exchange for lease obligations	\$ —	\$ 281
Receivable for options exercised	\$ —	\$ 12
<b>Supplemental cash flow disclosure</b>		
Cash paid for interest	\$ 25	\$ 50
Cash paid for income taxes	\$ 16	\$ 7

*See accompanying notes.*

**ATARA BIOTHERAPEUTICS, INC.**  
**Notes to Condensed Consolidated Financial Statements**  
**(Unaudited)**

**1. Description of Business**

Atara Biotherapeutics, Inc. (“Atara”, “we”, “our” or “the Company”) was incorporated in August 2012 in Delaware. Atara is a pioneer in T-cell immunotherapy, leveraging its novel allogeneic EBV T-cell platform to develop transformative therapies for patients with serious diseases, including solid tumors, hematologic cancers and autoimmune disease.

We have several T-cell immunotherapies in clinical development and are progressing multiple next-generation allogeneic chimeric antigen receptor T-cell (“CAR T”) programs. Our most advanced T-cell immunotherapy program, tab-cel® (tabelecleucel), is currently in Phase 3 development, and in October 2021, we licensed commercialization rights in Europe and select emerging markets in the Middle East, Africa, Eastern Europe and Central Asia to Pierre Fabre Medicament (“Pierre Fabre”), following regulatory approval pursuant to a commercialization agreement (“Pierre Fabre Commercialization Agreement”). Atara will retain full rights to tab-cel® in other major markets, including North America, Asia Pacific and Latin America. See Note 10 for further information. We have entered into a research, development and license agreement (“Bayer License Agreement”) with Bayer AG (“Bayer”) pursuant to which we granted to Bayer an exclusive, field-limited license under the applicable patents and know-how owned or controlled by us and our affiliates covering or related to ATA2271 and ATA3271. See Note 6 for further information.

We have licensed rights to T-cell product candidates from Memorial Sloan Kettering Cancer Center (“MSK”), rights related to our next-generation CAR T programs from MSK and from H. Lee Moffitt Cancer Center (“Moffitt”), and rights to know-how and technology from the Council of the Queensland Institute of Medical Research (“QIMR Berghofer”). See Note 7 for further information.

**2. Summary of Significant Accounting Policies**

**Basis of Presentation**

The accompanying unaudited condensed consolidated financial statements include the accounts of Atara and its wholly owned subsidiaries and have been prepared in accordance with U.S. generally accepted accounting principles (“U.S. GAAP”) and the requirements of the Securities and Exchange Commission (“SEC”) for interim reporting. As permitted under those rules, certain footnotes or other financial information that are normally required by U.S. GAAP can be condensed or omitted. These condensed consolidated financial statements have been prepared on the same basis as the Company’s annual consolidated financial statements included in the Company’s Annual Report on Form 10-K for the year ended December 31, 2020. In the opinion of management, the condensed consolidated financial statements reflect all adjustments, consisting only of normal recurring adjustments, which are necessary for a fair presentation of the Company’s consolidated financial statements. The results of operations for any interim period are not necessarily indicative of the results to be expected for the full year or any other future period. The condensed consolidated balance sheet as of December 31, 2020 has been derived from audited consolidated financial statements at that date but does not include all of the information required by U.S. GAAP for complete consolidated financial statements.

**Liquidity**

We have incurred significant operating losses since inception and have relied primarily on public and private equity financings and receipts from license and collaboration agreements to fund our operations. As we continue to incur losses, our transition to profitability will depend on the successful development, approval and commercialization of product candidates and on the achievement of sufficient revenues to support our cost structure. We may never achieve profitability, and unless and until we do, we will need to continue to raise additional capital. We expect that existing cash, cash equivalents and short-term investments as of September 30, 2021 will be sufficient to fund our planned operations for at least the next twelve months from the date of issuance of these financial statements.

**Use of Estimates**

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates, assumptions, and judgments that affect the amounts reported in the financial statements and accompanying notes. Significant estimates relied upon in preparing these financial statements include estimates related to revenue recognition, clinical study and other accruals, stock-based compensation expense and income taxes. Actual results could differ materially from those estimates.

## Recent Accounting Pronouncements

We consider the applicability and impact of any recent Accounting Standards Update (“ASU”) issued by the Financial Accounting Standards Board (“FASB”). Based on our assessment, the ASUs were determined to be either not applicable or are expected to have minimal impact on our condensed consolidated financial statements.

### 3. Net Loss per Common Share

Basic net loss per common share is calculated by dividing net loss by the weighted-average number of shares of common stock and pre-funded warrants outstanding during the period, without consideration of common share equivalents. Diluted net loss per common share is computed by dividing net loss by the weighted-average number of shares of common stock, pre-funded warrants and common share equivalents outstanding for the period. The pre-funded warrants are included in the computation of basic and diluted net loss per common share as the exercise price is negligible and the pre-funded warrants are fully vested and exercisable. Common share equivalents are only included in the calculation of diluted net loss per common share when their effect is dilutive.

Potential dilutive securities have been excluded from the computation of diluted net loss per share, as the effect is antidilutive, and consist of unvested restricted stock units (“RSUs”), including unvested performance-based RSUs for which established performance criteria have been achieved as of the end of the respective periods; vested and unvested options to purchase common stock; and shares to be issued under our employee stock purchase plan (“ESPP”). Therefore, the denominator used to calculate both basic and diluted net loss per common share is the same in all periods presented.

The following table represents the potential common shares issuable pursuant to outstanding securities as of the related period end dates that were excluded from the computation of diluted net loss per common share, as their inclusion would have an antidilutive effect:

	As of September 30,	
	2021	2020
Unvested RSUs	4,817,939	3,003,142
Vested and unvested options	9,333,994	8,205,062
ESPP share purchase rights	101,504	107,970
Total	14,253,437	11,316,174

### 4. Financial Instruments

Our financial assets are measured at fair value on a recurring basis using the following hierarchy to prioritize valuation inputs, in accordance with applicable U.S. GAAP:

Level 1: Quoted prices in active markets for identical assets or liabilities that we have the ability to access

Level 2: Observable market-based inputs or unobservable inputs that are corroborated by market data such as quoted prices, interest rates and yield curves

Level 3: Inputs that are unobservable data points that are not corroborated by market data

We review the fair value hierarchy classification on a quarterly basis. Changes in the ability to observe valuation inputs may result in a reclassification of levels of certain securities within the fair value hierarchy. We recognize transfers into and out of levels within the fair value hierarchy in the period in which the actual event or change in circumstances that caused the transfer occurs. There have been no transfers between Level 1, Level 2 and Level 3 in any periods presented.

Financial assets and liabilities are considered Level 2 when their fair values are determined using inputs that are observable in the market or can be derived principally from or corroborated by observable market data such as pricing for similar securities, recently executed transactions, cash flow models with yield curves, and benchmark securities. In addition, Level 2 financial instruments are valued using comparisons to like-kind financial instruments and models that use readily observable market data as their basis. U.S. Treasury, government agency and corporate debt obligations, commercial paper and asset-backed securities are valued primarily using market prices of comparable securities, bid/ask quotes, interest rate yields and prepayment spreads and are included in Level 2.

Financial assets and liabilities are considered Level 3 when their fair values are determined using pricing models, discounted cash flow methodologies, or similar techniques, and at least one significant model assumption or input is unobservable. We have no Level 3 financial assets or liabilities.

The following tables summarize the estimated fair value and related valuation input hierarchy of our available-for-sale securities as of each period end:

As of September 30, 2021:	Input Level	Total Amortized Cost	Total Unrealized Gain	Total Unrealized Loss	Total Estimated Fair Value
(in thousands)					
Money market funds	Level 1	\$ 95,838	\$ —	\$ —	\$ 95,838
U.S. Treasury obligations	Level 2	123,567	15	(11)	123,571
Government agency obligations	Level 2	18,477	9	(4)	18,482
Corporate debt obligations	Level 2	68,195	35	(20)	68,210
Commercial paper	Level 2	40,782	—	—	40,782
Asset-backed securities	Level 2	8,175	5	(5)	8,175
Total available-for-sale securities		355,034	64	(40)	355,058
Less: amounts classified as cash equivalents		(111,022)	—	—	(111,022)
Amounts classified as short-term investments		<u>\$ 244,012</u>	<u>\$ 64</u>	<u>\$ (40)</u>	<u>\$ 244,036</u>

As of December 31, 2020:	Input Level	Total Amortized Cost	Total Unrealized Gain	Total Unrealized Loss	Total Estimated Fair Value
(in thousands)					
Money market funds	Level 1	\$ 168,343	\$ —	\$ —	\$ 168,343
U.S. Treasury obligations	Level 2	230,239	113	(6)	230,346
Government agency obligations	Level 2	22,537	22	(3)	22,556
Corporate debt obligations	Level 2	50,080	166	(1)	50,245
Commercial paper	Level 2	17,990	—	—	17,990
Asset-backed securities	Level 2	9,860	10	(5)	9,865
Total available-for-sale securities		499,049	311	(15)	499,345
Less: amounts classified as cash equivalents		(199,090)	—	—	(199,090)
Amounts classified as short-term investments		<u>\$ 299,959</u>	<u>\$ 311</u>	<u>\$ (15)</u>	<u>\$ 300,255</u>

The amortized cost and fair value of our available-for-sale securities by contractual maturity were as follows:

	As of September 30, 2021		As of December 31, 2020	
	Amortized Cost	Estimated Fair Value	Amortized Cost	Estimated Fair Value
	(in thousands)		(in thousands)	
Maturing within one year	\$ 299,282	\$ 299,320	\$ 434,828	\$ 435,023
Maturing in one to five years	55,752	55,738	64,221	64,322
Total available-for-sale securities	<u>\$ 355,034</u>	<u>\$ 355,058</u>	<u>\$ 499,049</u>	<u>\$ 499,345</u>

As of September 30, 2021, no significant facts or circumstances were present to indicate a deterioration in the creditworthiness of the issuers of the available-for-sale securities we hold, and the Company has no requirement or intention to sell these securities before maturity or recovery of their amortized cost basis. For all securities with a fair value less than its amortized cost basis, we determined the decline in fair value below amortized cost basis to be immaterial and non-credit related, and therefore no allowance for losses has been recorded. During the nine months ended September 30, 2021 and 2020, we did not recognize any impairment losses on our investments.

We have elected the practical expedient to exclude the applicable accrued interest from both the fair value and the amortized cost basis of our available-for-sale securities for purposes of identifying and measuring an impairment. We present accrued interest receivable related to our available-for-sale securities in prepaid expenses and other current assets, separate from short-term investments on our condensed consolidated balance sheet. As of September 30, 2021 and December 31, 2020, accrued interest receivable was \$0.4 million and \$0.7 million, respectively. We did not write off any accrued interest receivables during the nine months ended September 30, 2021 and 2020.

In addition, restricted cash collateralized by money market funds is a financial asset measured at fair value and is a Level 1 financial instrument under the fair value hierarchy. As of September 30, 2021 and December 31, 2020, restricted cash was \$1.4 million.

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

	September 30, 2021	December 31, 2020
	(in thousands)	
Cash and cash equivalents	\$ 113,209	\$ 200,404
Restricted cash - short term	194	194
Restricted cash - long term	1,200	1,200
Total cash, cash equivalents and restricted cash	<u>\$ 114,603</u>	<u>\$ 201,798</u>

## 5. Property and Equipment

Property and equipment consisted of the following as of each period end:

	September 30, 2021	December 31, 2020
	(in thousands)	
Leasehold improvements	\$ 50,143	\$ 50,132
Lab equipment	12,534	8,033
Machinery and equipment	5,129	5,023
Computer equipment and software	4,140	4,060
Furniture and fixtures	2,436	2,066
Construction in progress	5,426	879
Property and equipment, gross	79,808	70,193
Less: accumulated depreciation and amortization	(26,323)	(19,676)
Property and equipment, net	<u>\$ 53,485</u>	<u>\$ 50,517</u>

Depreciation and amortization expense was \$2.3 million and \$2.2 million for the three months ended September 30, 2021 and 2020, respectively, and \$6.9 million and \$6.2 million for the nine months ended September 30, 2021 and 2020, respectively.

## 6. License and Collaboration Agreements

### Bayer

#### *Research, Development and License Agreement*

In December 2020, we entered into the Bayer License Agreement to develop mesothelin-directed CAR T-cell therapies for the treatment of solid tumors, pursuant to which we granted to Bayer an exclusive, field-limited license under the applicable patents and know-how owned or controlled by us and our affiliates covering or related to ATA2271 and ATA3271 (the "Licensed Products").

Under the terms of the Bayer License Agreement, we will be responsible at our cost for all mutually agreed preclinical and clinical activities for ATA2271 through the first in human Phase 1 clinical study in collaboration with MSK, following which Bayer will be responsible for the further development of ATA2271 at its cost. Bayer will be responsible for the development of ATA3271 at Bayer's cost, except for certain mutually agreed preclinical, translational, manufacturing and supply chain activities to be performed by us relating to ATA3271. Bayer will also be solely responsible for commercializing the Licensed Products at its cost.

In December 2020, we received an upfront cash payment of \$45.0 million from Bayer for the exclusive license grant, net of applicable withholding taxes, which were fully recovered in August 2021, and an additional \$15.0 million reimbursement payment for certain research and process development activities to be performed by us. We are also entitled to receive (i) up to an additional \$5.0 million for additional, specified translational activities under the Bayer License Agreement, of which we have invoiced and received \$1.3 million, and (ii) an aggregate of up to \$610.0 million in milestone payments upon achieving certain development, regulatory and commercial milestones relating to the Licensed Products. In addition, we are eligible to receive from Bayer tiered royalties at percentages up to low double digits on worldwide net product sales of the Licensed Products on a country-by-country and product-by-product basis until the later of 12 years after the first commercial sale in such country or the expiration of specified patent rights in such country, subject to certain reductions and aggregate minimum floors.

Bayer and we have formed a joint steering committee (“JSC”) that will provide oversight, decision making and implementation guidance regarding the collaboration activities covered under the agreement.

We assessed this arrangement in accordance with ASC 606 and concluded that the promises in the Bayer License Agreement represent transactions with a customer. We concluded that the Bayer License Agreement contains the following promises: (i) a development and commercialization license; (ii) performance of early-stage research and development (“R&D”) services, including technology transfer services; (iii) JSC participation; and (iv) chemistry, manufacturing and control (“CMC”) services. In accordance with ASC 606, we determined that the license, early-stage R&D and CMC services were not distinct from each other, as the license, early-stage R&D and CMC services are highly interdependent upon one another. Participation on the JSC to oversee the research and development activities are combined into the single performance obligation as these activities are highly interdependent with the other R&D and CMC services. Accordingly, we determined that these promises should be combined into a single performance obligation.

The transaction price at inception consisted of a \$45.0 million upfront payment for the license, \$15.0 million for certain research and process development activities and the \$5.0 million for additional specified translational activities, and this amount was allocated to the single performance obligation. The potential development and commercial milestone payments that we are eligible to receive were excluded from the transaction price, as all milestone amounts were fully constrained based on the probability of achievement. None of the future royalty and sales-based milestone payments were included in the transaction price, as the potential payments represent sales-based consideration. We will reevaluate the transaction price at the end of each reporting period and as uncertain events are resolved or other changes in circumstances occur, and, if necessary, adjust our estimate of the transaction price.

#### Technology Transfer Agreement

In March 2021, we entered into a Technology Transfer Agreement with Bayer (the “Bayer Tech Transfer Agreement”), which was contemplated as part of the Bayer License Agreement, to transfer to Bayer the ATA3271 manufacturing process being developed as part of the CMC services in the Bayer License Agreement. Upon entering into the agreement, we invoiced Bayer 20 percent, or \$3.1 million, of the total fee of \$15.3 million under the Bayer Tech Transfer Agreement, which we received in the second quarter of 2021. The remainder of the fee will be billed as follows: (i) 40 percent on January 1, 2022, (ii) 20 percent on January 1, 2023 and (iii) 20 percent upon the technology transfer completion.

We assessed this arrangement in accordance with ASC 606 and concluded that the promises in the Bayer Tech Transfer Agreement represent transactions with a customer. We concluded that the Bayer Tech Transfer Agreement should be combined with the Bayer License Agreement and accounted for as a modification of that agreement and that the Bayer Tech Transfer Agreement contains the following promises: (i) technology transfer services and (ii) supply of materials required for the technology transfer services. In accordance with ASC 606, we determined that the technology transfer services and supply of materials required for the technology transfer services were not distinct from each other, as they are highly interdependent upon one another. In addition, we concluded that the technology transfer services and supply of materials required for the technology transfer services were highly interdependent with the license, early-stage R&D and CMC services identified in the Bayer License Agreement. Accordingly, we determined that these promises should be combined into a single performance obligation.

Under the Bayer Tech Transfer Agreement, in order to evaluate the appropriate transaction price, we determined that the \$5.3 million fee constituted the entire consideration to be included in the transaction price, and this amount was allocated to the single performance obligation as identified under the Bayer License Agreement.

We utilize a cost-based input method to recognize revenue based on the amount of actual costs incurred relative to the total budgeted costs expected to be incurred for the combined performance obligation.

#### Manufacturing and Supply Agreement

In March 2021, we entered into a Manufacturing and Supply Agreement with Bayer (the “Bayer Manufacturing Agreement”), which was contemplated as part of the Bayer License Agreement, to manufacture Phase 1 and 2 allogeneic mesothelin-directed CAR T-cell therapies for Bayer to use in clinical trials at a price based on our costs plus a margin, which is consistent with our standalone selling price. Under the Bayer Manufacturing Agreement, we will also provide storage and distribution services to Bayer at a price that is consistent with our standalone selling price for these services.

Upon entering into the Bayer Manufacturing Agreement, Bayer submitted, and we approved, a binding purchase order for manufacturing services and storage services. Any fees for the manufacturing services will be invoiced as follows: (i) 50 percent upon written acceptance by us of the binding purchase order, and (ii) the remainder upon delivery of the certification of analysis of such lots to Bayer. Storage and distribution services are billed monthly as those services are provided to Bayer.

In March 2021, we invoiced Bayer 50 percent of the total estimated supply price of \$13.1 million for manufacturing services under the initial purchase order for the supply of six lots, or \$6.6 million, which we received in the second quarter of 2021. The remainder of the supply price will be billed upon the release of the lots ordered by Bayer.

We assessed this arrangement in accordance with ASC 606 and concluded that the promises in the manufacturing and supply agreement represent transactions with a customer. We concluded that the Bayer Manufacturing Agreement contains the following promises: (i) manufacturing services; (ii) storage services provided on a month-to-month basis; and (iii) distribution services. In accordance with ASC 606, we determined that the manufacturing services for the initial purchase order of six lots, that are expected to be provided prior to completion of the technology transfer, are not distinct as they are highly interdependent on the manufacturing process being developed and transferred under the Bayer License Agreement and the Tech Transfer Agreement. Accordingly, we determined that these promises should be combined into a single performance obligation. We also determined that each of the other services were distinct and separate performance obligations. We determined that the initial binding order for the manufacture and supply of six lots should be combined with the Bayer License Agreement and accounted for as a modification of that agreement along with the Bayer Tech Transfer Agreement. We also concluded that a binding purchase order from Bayer, together with the Bayer Manufacturing Agreement, form the contract for manufacturing services and storage services and a shipping order from Bayer forms the contract for distribution services. We also determined that the storage services provided on a month-to-month basis and distribution services are distinct and separate performance obligations. All the performance obligations identified above are priced at their standalone selling price.

Under the Bayer Manufacturing Agreement, in order to evaluate the appropriate transaction price, we determined that the \$3.1 million fee constituted the entire consideration to be included in the transaction price, and this amount was allocated to the single performance obligation as identified under the Bayer License Agreement. Revenue for the manufacturing services for the initial six lots will be recognized based on the amount of actual costs incurred relative to the total budgeted costs expected to be incurred for the combined performance obligation. Revenue for the storage services will be recognized over time as those services are provided. Revenue for the distribution services will be recognized at a point in time when the product is delivered to a clinical site designated by Bayer.

We utilize a cost-based input method to recognize revenue based on the amount of actual costs incurred relative to the total budgeted costs expected to be incurred for the combined performance obligation. For the three and nine months ended September 30, 2021, we recognized license and collaboration revenue of \$5.4 million and \$12.8 million, respectively, under the Bayer License Agreement, Bayer Tech Transfer Agreement and Bayer Manufacturing Agreement, collectively, the Bayer Agreements. We did not recognize any license and collaboration revenue in 2020 under Bayer License Agreement. Deferred revenue related to the Bayer Agreements aggregated to \$8.0 million and \$61.3 million as of September 30, 2021 and December 31, 2020, respectively. The \$8.0 million of deferred revenue as of September 30, 2021, of which \$31.2 million is included in current liabilities and \$26.8 million is included in long-term liabilities, is expected to be recognized over approximately the next three years. No development or sales-based milestone payments have been earned or received through September 30, 2021.

## **7. Leases**

In addition to our existing leases in South San Francisco, Thousand Oaks and Colorado, in March 2021, we entered into a new lease agreement for approximately 33,659 square feet of office, lab and warehouse space in Thousand Oaks, California. During the third quarter of 2021, the lease commenced and we recorded a \$13.3 million operating lease right-of-use asset and current and non-current operating lease liabilities of \$0.6 million and \$12.7 million, respectively, on the consolidated balance sheet. We used an incremental borrowing rate of approximately 9.00% to record the lease on the consolidated balance sheet, based on our incremental borrowing rate determined based on lease term and currency in which lease payments are made, adjusted for impacts of collateral as there was no readily determinable rate implicit in the lease. The fixed lease payments for base rent, including tenant improvement rent amounts, total approximately \$21.0 million over the lease term of 10.5 years. Base rent is subject to annual increase of 3% with each annual anniversary of the rent commencement date. We have the option to extend this lease for two additional five-year periods after the initial term.

## **8. Commitments and Contingencies**

### MSK License and Collaboration Agreements

In June 2015, we entered into an exclusive license agreement with MSK for three clinical stage T-cell therapies. We are required to make payments to MSK based on achievement of specified regulatory and sales-related milestones, as well as mid-single-digit percentage tiered royalty payments based on future sales of products resulting from the development of the licensed product candidates, if any. In addition, under certain circumstances, we are required to make certain minimum annual royalty payments to MSK, which are creditable against earned royalties owed for the same annual period. We are also required to pay a low double-digit percentage of any consideration we receive for sublicensing the licensed rights. The license agreement expires on a product-by-product and country-by-country basis on the latest of: (i) expiration of the last licensed patent rights related to each licensed product, (ii) expiration of any market exclusivity period granted by law with respect to each licensed product, and (iii) a specified number of

years after the first commercial sale of the licensed product in each country. Upon expiration of the license agreement, Atara will retain non-exclusive rights to the licensed products.

In May 2018 and December 2018, we licensed additional technology from MSK. We are obligated to make additional milestone payments based on achievement of specified development, regulatory and sales-related milestones, as well as mid-single-digit percentage tiered royalty payments based on future sales of products resulting from the development of the licensed product candidates, if any.

In March 2021, we amended and restated our license agreement with MSK to: (i) terminate our license to certain rights related to WT1 and cytomegalovirus (“CMV”); and (ii) license additional know-how rights not otherwise covered by our existing agreements.

#### QIMR Berghofer License and Collaboration Agreements

In October 2015, we entered into an exclusive license agreement and a research and development collaboration agreement with QIMR Berghofer. Under the terms of the license agreement, we obtained an exclusive, worldwide license to develop and commercialize allogeneic T-cell therapy programs utilizing technology and know-how developed by QIMR Berghofer. In September 2016, the exclusive license agreement and research and development collaboration agreement were amended and restated. Under the amended and restated agreements, we obtained an exclusive, worldwide license to develop and commercialize additional T-cell programs, as well as the option to license additional technology that we exercised in June 2018. We further amended and restated our license agreement and research and development collaboration agreements with QIMR Berghofer in August 2019 to terminate our license to certain rights related to CMV. In addition, we further amended and restated our license agreement and research and development collaboration agreement with QIMR Berghofer in August 2020 to terminate our license to certain rights related to BK polyomavirus and JC polyomavirus. Our current license agreement also provides for various milestone and royalty payments to QIMR Berghofer based on future product sales, if any. Under the terms of our current research and development collaboration agreement, we are also required to reimburse the cost of agreed-upon development activities related to programs developed under the collaboration. These payments are expensed on a straight-line basis over the related development periods. The agreement also provides for various milestone payments to QIMR Berghofer based on achievement of certain developmental and regulatory milestones.

#### Other License and Collaboration Agreements

From time to time, we have entered into other license and collaboration agreements with other parties. For example, we licensed additional rights related to our MSK-partnered next-generation CAR T programs from MSK in May 2018 and we licensed rights related to our next-generation CAR T programs from Moffitt Cancer Center in August 2018, and we agreed to collaborate through sponsored research in connection with each of these licenses. We also licensed rights related to our MSK-partnered next-generation CAR T programs from the National Institutes of Health in December 2018.

Milestones and royalties under each of the above agreements are contingent upon future events and will be recorded as expense when it is probable that the milestones will be achieved or royalties are due. As of September 30, 2021 and December 31, 2020, there were no material outstanding obligations for milestones and royalties under our license and collaboration agreements.

#### Cognate Manufacturing Agreements

In December 2019, we entered into a Commercial Manufacturing Services Agreement (the “Cognate Manufacturing Agreement”) with Cognate BioServices, Inc. (“Cognate”). Pursuant to the Cognate Manufacturing Agreement, Cognate provides manufacturing services for certain of our product candidates. The initial term of the Cognate Manufacturing Agreement, as amended, runs until May 31, 2022. We may terminate the Cognate Manufacturing Agreement for convenience on six months’ written notice to Cognate, or immediately if Cognate is unable to perform the services under the Cognate Manufacturing Agreement or fails to obtain or maintain certain necessary approvals. In March 2021, Charles River Laboratories Inc. (“CRL”) acquired Cognate.

#### Other Research, Development and Manufacturing Agreements

We may enter into other contracts in the normal course of business with clinical research organizations for clinical trials, with contract manufacturing organizations for clinical, and potentially commercial, product supplies, and with other vendors for pre-clinical studies, supplies and other services for our operating purposes. These contracts generally provide for termination on notice.

As of September 30, 2021 and December 31, 2020, there was \$0.6 million and none, respectively, of amounts accrued related to contract termination charges or minimum purchase volumes not being met.

#### Indemnification Agreements

In the normal course of business, we enter into contracts and agreements that contain a variety of representations and warranties and provide for indemnification for certain liabilities. The exposure under these agreements is unknown because it involves claims that may be made against us in the future but have not yet been made. To date, we have not paid any claims or been required to defend any action related to our indemnification obligations. However, we may record charges in the future as a result of these indemnification obligations. We also have indemnification obligations to our directors and executive officers for specified events or occurrences, subject to some limits, while they are serving at our request in such capacities. There have been no claims to date and we

believe the fair value of these indemnification agreements to be minimal. Accordingly, we did not record liabilities for these agreements as of September 30, 2021 and December 31, 2020.

### Contingencies

From time to time, we may be involved in legal proceedings, as well as demands, claims and threatened litigation, which arise in the normal course of our business or otherwise. The ultimate outcome of any litigation is uncertain and unfavorable outcomes could have a negative impact on our results of operations and financial condition. Regardless of outcome, litigation can have an adverse impact on us because of the defense costs, diversion of management resources and other factors. We are not currently involved in any material legal proceedings.

## **9. Stockholders' Equity**

Our authorized capital stock consists of 520,000,000 shares, all with a par value of \$0.0001 per share, of which 500,000,000 shares are designated as common stock and 20,000,000 shares are designated as preferred stock. There were no shares of preferred stock outstanding as of September 30, 2021 and December 31, 2020.

### **Equity Offerings**

As part of our July 2019 underwritten public offering, we issued and sold pre-funded warrants to purchase 2,945,026 shares of common stock in an underwritten public offering pursuant to a shelf registration on Form S-3. Each pre-funded warrant entitles the holder to purchase one share of common stock at an exercise price of \$0.0001 per share and expires seven years from the date of issuance. These warrants were recorded as a component of stockholders' equity within additional paid-in capital. Per the terms of the warrant agreement, a holder of the outstanding warrants is not entitled to exercise any portion of any pre-funded warrant if, upon exercise of the warrant, the holder's ownership (together with its affiliates) of our common stock or combined voting power of our securities beneficially owned by such holder (together with its affiliates) would exceed 9.99% after giving effect to the exercise ("Maximum Ownership Percentage"). Upon at least 61 days' prior notice to us by the holder, any holder may increase or decrease the Maximum Ownership Percentage to any other percentage not to exceed 19.99%. As of September 30, 2021, pre-funded warrants to purchase 2,888,526 shares of our common stock from the July 2019 underwritten public offering were outstanding.

In the second and fourth quarters of 2020, we issued and sold pre-funded warrants to purchase 2,866,961 and 2,040,816 shares of common stock, respectively, in underwritten public offerings pursuant to a shelf registration on Form S-3, with terms similar to those described above. As of September 30, 2021, all of the pre-funded warrants issued and sold as part of the 2020 underwritten public offerings were outstanding.

### **ATM Facility**

In February 2020, we entered into a sales agreement (the "2020 ATM Facility") with Cowen and Company, LLC ("Cowen"), which provides for the sale, in our sole discretion, of shares of our common stock having an aggregate offering price of up to \$100.0 million through Cowen, as our sales agent. The issuance and sale of these shares by us pursuant to the 2020 ATM Facility are deemed "at the market" offerings as defined in Rule 415 under the Securities Act of 1933, as amended (the "Securities Act"), and are registered under the Securities Act. We pay a commission of up to 3.0% of gross sales proceeds of any common stock sold under the 2020 ATM Facility.

During the three months ended September 30, 2021, we sold an aggregate of 3,258,909 shares of common stock under the 2020 ATM Facility, at an average price of \$15.33 per share, for gross proceeds of \$49.9 million and net proceeds of \$48.7 million, after deducting commissions and other offering expenses payable by us. For the nine months ended September 30, 2021, we sold an aggregate of 3,404,539 shares of common stock under our ATM facility at an average price of \$5.41 per share, for gross proceeds of \$52.5 million and net proceeds of \$51.2 million, after deducting commissions and other offering expenses payable by us. On October 1, 2021, we received the remaining net proceeds of approximately \$2.3 million from sales of shares of common stock under the 2020 ATM Facility that occurred during September 2021. As of September 30, 2021, \$27.2 million of common stock remained available to be sold under the 2020 ATM Facility, subject to certain conditions as specified in the sales agreements.

### **Equity Incentive Plans**

Under the terms of the 2014 Equity Incentive Plan, as amended ("2014 EIP"), we may grant stock options, restricted stock awards ("RSAs") and RSUs to employees, directors, consultants and other service providers. RSUs generally vest over four years. In 2020, we granted performance-based awards to certain of our employees that provide for the issuance of common stock if specified Company performance criteria related to our clinical programs are achieved. The number of performance-based awards that ultimately vests depends upon if, when and which performance criteria are achieved, as well as the employee's continuous service, as defined in the 2014 EIP, through the date of vesting. The fair value of performance-based RSUs is determined as the closing stock price on the date of grant.

Stock options are granted at prices no less than 100% of the estimated fair value of the shares on the date of grant as determined by the board of directors, provided, however, that the exercise price of an option granted to a 10% shareholder cannot be less than 110% of the estimated fair value of the shares on the date of grant. Options granted generally vest over four years and expire in seven to ten years. As of September 30, 2021, a total of 16,436,898 shares of common stock were reserved for issuance under the 2014 EIP, of which 4,741,067 shares were available for future grant and 11,695,831 shares were subject to outstanding options and RSUs, including performance-based awards.

In February 2018, we adopted the 2018 Inducement Plan ("Inducement Plan"), under which we may grant options, stock appreciation rights, RSAs and RSUs to new employees. In November 2020, we amended the Inducement Plan to reserve an additional 1,500,000 shares of the Company's common stock for issuance under the Inducement Plan. In September 2021, we further amended the Inducement Plan to reserve an additional 1,500,000 shares of the Company's common stock for issuance under the Inducement Plan. As of September 30, 2021, 4,031,948 shares of common stock were reserved for issuance under the Inducement Plan, of which 1,546,596 shares were available for future grant and 2,485,352 shares were subject to outstanding options and RSUs.

#### Restricted Stock Units

The following is a summary of RSU activity under our 2014 EIP and Inducement Plan:

	RSUs	
	Shares	Weighted Average Grant Date Fair Value
Unvested as of December 31, 2020	3,829,620	\$ 15.91
Granted	3,695,229	\$ 16.36
Forfeited	(1,457,166)	\$ 13.97
Vested	(1,239,994)	\$ 17.99
Unvested as of September 30, 2021	4,827,689	\$ 16.31

As of September 30, 2021, there was \$70.9 million of unrecognized stock-based compensation expense related to RSUs that is expected to be recognized over a weighted average period of 2.8 years. This excludes unrecognized stock-based compensation expense for performance-based RSUs that were deemed not probable of vesting in accordance with U.S. GAAP.

#### Stock Options

The following is a summary of stock option activity under our 2014 EIP and Inducement Plan:

	Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (Years)	Aggregate Intrinsic Value (in thousands)
Outstanding as of December 31, 2020	7,851,886	\$ 22.89	6.4	\$ 26,834
Granted	2,501,234	15.88		
Exercised	(222,930)	14.27		
Forfeited or expired	(776,696)	26.26		
Outstanding as of September 30, 2021	9,353,494	\$ 20.94	6.7	\$ 23,156

Aggregate intrinsic value represents the difference between the closing stock price of our common stock on September 30, 2021 and the exercise price of outstanding, in-the-money options. As of September 30, 2021, there was \$49.1 million of unrecognized stock-based compensation expense related to stock options that is expected to be recognized over a weighted average period of 2.7 years.

## Reserved Shares

The following shares of common stock were reserved for future issuance under our equity incentive plans as of September 30, 2021:

	<b>Total Shares Reserved</b>
2014 Equity Incentive Plan	16,436,898
2018 Inducement Plan	4,031,948
2014 Employee Stock Purchase Plan	972,265
Total reserved shares of common stock	<u>21,441,111</u>

## Stock-based Compensation Expense

Total stock-based compensation expense related to all employee and non-employee stock awards was as follows:

	<b>Three Months Ended September 30,</b>		<b>Nine Months Ended September 30,</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	<b>(in thousands)</b>		<b>(in thousands)</b>	
Research and development	\$ 7,816	\$ 8,151	\$ 23,617	\$ 24,341
General and administrative	5,946	5,104	16,220	15,506
Total stock-based compensation expense	<u>\$ 13,762</u>	<u>\$ 13,255</u>	<u>\$ 39,837</u>	<u>\$ 39,847</u>

## 10. Subsequent Events

Effective October 2, 2021, we entered into the Pierre Fabre Commercialization Agreement, pursuant to which, we granted to Pierre Fabre an exclusive, field-limited license to commercialize and distribute “tab-cel®” in Europe and select emerging markets in the Middle East, Africa, Eastern Europe and Central Asia (the “Territory”) following regulatory approval. Atara will retain full rights to tab-cel® in other major markets, including North America, Asia Pacific and Latin America.

We will be responsible at our cost for the conclusion of the ongoing Phase 3 ALLELE clinical study and the Phase 2 multi-cohort clinical study. We will also be responsible at our cost for certain other activities directed to obtaining regulatory approval for tab-cel® for EBV-positive lymphoproliferative disease pursuant to the terms of the Pierre Fabre Commercialization Agreement in Europe and the UK. Pierre Fabre will be responsible at its cost for obtaining and maintaining all other regulatory approvals and for commercialization and distribution of tab-cel® in the Territory. We will own any intellectual property rights developed solely by us under the Agreement.

We are responsible for manufacturing and supplying Pierre Fabre with tab-cel® for commercialization in the Territory at Pierre Fabre’s cost.

Pierre Fabre has paid us an upfront cash payment of \$45.0 million for the exclusive license grant. We are also entitled to receive an aggregate of up to \$18.0 million in milestone payments upon achieving certain regulatory and commercial milestones. In addition, we are eligible to receive significant double-digit tiered royalties as a percentage of net sales of tab-cel® until the later of 12 years after the first commercial sale in such country, the expiration of specified patent rights, or the expiration of all regulatory exclusivity for such product on a country-by-country basis.

## Item 2. 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 condensed consolidated financial statements and related notes included elsewhere in our Quarterly Report on Form 10-Q for the quarter ended September 30, 2021. This discussion and other parts of this Quarterly Report contain forward-looking statements that involve risk and uncertainties, such as statements of our plans, objectives, expectations and intentions. As a result of many factors, including those factors set forth in the "Risk Factors" section of this Quarterly Report, our actual results could differ materially from the results described in or implied by the forward-looking statements contained in the following discussion and analysis.

### Overview

Atara Biotherapeutics is a pioneer in T-cell immunotherapy, leveraging its novel allogeneic Epstein-Barr virus (EBV) T-cell platform to develop transformative therapies for patients with serious diseases, including solid tumors, hematologic cancers and autoimmune disease. With our lead program in Phase 3 clinical development, we are the most advanced allogeneic T-cell immunotherapy company and intend to rapidly deliver off-the-shelf treatments to patients with high unmet medical need. Our platform leverages the unique biology of EBV T cells and has the capability to treat a wide range of EBV-driven diseases or other serious diseases through incorporation of engineered chimeric antigen receptors (CARs) or T-cell receptors (TCRs). Atara is applying this one platform, that does not require TCR or HLA gene editing, to create a robust pipeline. Our strategic priorities are:

- **Tab-cel<sup>®</sup>:** Atara's most advanced T-cell immunotherapy program, tab-cel<sup>®</sup> (tabelecleucel), is partnered with Pierre Fabre Medicant (Pierre Fabre) for commercialization in Europe and select emerging markets and is currently in Phase 3 development for patients with EBV-driven post-transplant lymphoproliferative disease (EBV+ PTLD) who have failed rituximab or rituximab plus chemotherapy, as well as other EBV-driven diseases;
- **ATA188:** T-cell immunotherapy targeting EBV antigens believed to be important for the potential treatment of primary and secondary progressive multiple sclerosis;
- **CAR T Programs:**
  - o **ATA227I:** Autologous CAR T immunotherapy targeting solid tumors expressing the tumor antigen mesothelin, which is partnered with Bayer AG (Bayer);
  - o **ATA327I:** Allogeneic CAR T therapy currently in preclinical development targeting mesothelin, which is partnered with Bayer; and
  - o **ATA3219:** Allogeneic CAR T targeting CD19, currently in preclinical development, and being developed as a potential best-in-class product, based on a next generation 1XX co-stimulatory domain and the innate advantages of EBV T cells as the foundation for an allogeneic CAR T platform.

Our T-cell immunotherapy platform includes the capability to progress both allogeneic and autologous programs and is potentially applicable to a broad array of targets and diseases. Our off-the-shelf, allogeneic T-cell platform allows for rapid delivery of a T-cell immunotherapy product manufactured in advance of patient need and stored in inventory, with each manufactured lot of cells providing therapy for numerous potential patients. This differs from autologous treatments, in which each patient's own cells must be extracted, genetically modified outside the body and then delivered back to the patient, requiring a complex logistics network. We currently have on hand sufficient tab-cel drug product inventory to supply commercial demand, if approved, for at least 12 months. For our allogeneic programs, we select the appropriate set of cells for use based on a patient's unique immune profile. In addition, our manufacturing facility has the flexibility to manufacture multiple T-cell and CAR T immunotherapies while integrating research and process science functions to enable increased collaboration for rapid product development. We are currently in the process of completing our facility's commercial production qualification activities for tab-cel<sup>®</sup> while building inventory according to our commercial product supply strategy.

In October 2021, we entered into the Commercialization Agreement with Pierre Fabre (Pierre Fabre Commercialization Agreement), pursuant to which we granted to Pierre Fabre an exclusive, field-limited license to commercialize and distribute tab-cel<sup>®</sup> in Europe and select emerging markets in the Middle East, Africa, Eastern Europe and Central Asia following regulatory approval. We will retain full rights to tab-cel<sup>®</sup> in other major markets, including North America, Asia Pacific and Latin America. Under the terms of the Pierre Fabre Commercialization Agreement, we are currently negotiating a Manufacturing and Supply Agreement as well as a number of ancillary agreements to further advance our collaboration with Pierre Fabre.

In December 2020, we entered into a Research, Development and License Agreement with Bayer (the Bayer License Agreement) pursuant to which we granted to Bayer an exclusive, field-limited license under the applicable patents and know-how owned or controlled by us and our affiliates covering or related to ATA227I and ATA327I. In March 2021, as contemplated by the Bayer License Agreement, we entered into (i) a Manufacturing and Supply Agreement (Bayer Manufacturing Agreement); (ii) a

Pharmacovigilance Agreement; (iii) a Quality Agreement; and (iv) a Technology Transfer Agreement, in each case, with Bayer, to further advance our collaboration with Bayer.

We have also entered into research collaborations with leading academic institutions such as Memorial Sloan Kettering Cancer Center (MSK), the Council of the Queensland Institute of Medical Research (QIMR Berghofer) and H. Lee Moffitt Cancer Center and Research Institute (Moffitt) pursuant to which we acquired rights to novel and proprietary technologies and programs.

## **Pipeline**

### ***Tab-cel***<sup>®</sup>

We continue to advance development of tab-cel<sup>®</sup> in a Phase 3 clinical trial for patients with EBV+ PTLD (ALLELE), which has received Breakthrough Therapy Designation (BTD) in the U.S. for treatment of rituximab-refractory EBV-associated lymphoproliferative disorders, PRIority MEDicines (PRIME) designation in the European Union (EU), and orphan drug designation in the U.S. for treatment of EBV+ PTLD.

- We plan to present new analysis from the ALLELE study at an oral session at the 63rd American Society of Hematology (ASH) Annual Meeting and Exposition in December 2021. Top-line data with additional patients and extended follow up confirm a strong objective response rate (ORR) in line with prior results, demonstrate durability of response, and support the imminent MAA submission. There were no new safety signals, consistent with previously published data. We will also present additional data on tab-cel through several abstracts, including a second oral presentation on long term overall survival from Phase 2 and multi-center EAP studies.
- Following interactions with the EMA, we expect to submit an EU marketing authorization application (MAA) for tab-cel<sup>®</sup> in patients with EBV+ PTLD imminently. We anticipate a decision with respect to potential approval of the MAA in the second half of 2022.
- In October 2021, we entered into the Pierre Fabre Commercialization Agreement, pursuant to which we granted to Pierre Fabre an exclusive, field-limited license to commercialize and distribute tab-cel<sup>®</sup> in Europe and select emerging markets in the Middle East, Africa, Eastern Europe and Central Asia following regulatory approval. We will retain full rights to tab-cel<sup>®</sup> in other major markets, including North America, Asia Pacific and Latin America.
- We continue to make progress through recent Type B meetings with the FDA. Based on these meetings and other recent interactions, we have gained clarity and alignment on key comparability methodology. We will provide additional analyses on existing CMC data to the FDA. The FDA has not requested additional studies or manufacturing lots.
- We plan to have further interactions with the FDA in the first quarter of 2022 and plan to complete the BLA submission for tab-cel<sup>®</sup> in the second quarter of 2022.
- We have adapted our investment in pre-commercial activities and are continuing our commercial readiness activities in anticipation of potential approval and commercialization of tab-cel<sup>®</sup> in the U.S.
- We continue to pursue development of tab-cel<sup>®</sup> in additional patient populations, with a primary focus on immunodeficiency-associated lymphoproliferative diseases (IA-LPDs), given the commonality of their EBV-driven mechanism of disease in immunocompromised patients, high unmet medical need and positive clinical data to date with tab-cel<sup>®</sup>.
- We are actively opening sites and enrolling patients in our Phase 2 multi-cohort study in six patient populations, including four within IA-LPDs and two in other EBV-driven diseases, in both the U.S. and EU. Data from this study is expected in 2023.
- Due to the evolving treatment landscape of EBV-driven nasopharyngeal carcinoma (NPC), we are reassessing our approach and the development and regulatory pathways for patients with platinum resistant or recurrent EBV-drive NPC.

### ***ATA188***

We continue to progress our development of ATA188, an allogeneic T-cell immunotherapy targeting EBV antigens believed to be important for the potential treatment of primary and secondary progressive multiple sclerosis (MS).

- We are currently progressing an open-label extension (OLE) of our open label, single arm, multi-center, multi-national Phase 1 study with allogeneic ATA188 for patients with primary and secondary progressive forms of MS (PMS).
- We presented long-term two-year clinical data from the OLE and translation data from the Phase 1 study in October 2021 at the 3<sup>rd</sup> Congress of the European Committee for Treatment and Research in Multiple Sclerosis (ECTRIMS).

- The ECTRIMS presentation featured updated clinical and new imaging biomarker data considered to reflect the state of myelination in the central nervous system, known as magnetization transfer ratio (MTR). MTR may provide important insights into the mechanism of expanded disability status scale (EDSS) improvement in our clinical assessment of ATA188.
- We continue to enroll patients in a Phase 2, randomized, double-blind, placebo-controlled dose-expansion trial (EMBOLD) evaluating the efficacy and safety of ATA188 in patients with PMS.
- We plan to conduct an interim analysis of the EMBOLD study in the first half of 2022 to assess efficacy and safety. We plan to communicate our decision on next steps for the program, including rationale, while maintaining the integrity of the study. We expect to complete planned enrollment in the first half of 2022.
- We plan to present encore data at the 29th Annual Meeting of the European Charcot Foundation in November 2021, where we will present an overview of the methodology planned to determine the potential pharmacodynamic effect of ATA188, by quantifying a decrease of EBV infected cells following treatment with ATA188.

#### ***ATA2271/ATA3271***

Our next-generation CAR T immunotherapy programs include autologous ATA2271 and allogeneic ATA3271 targeting mesothelin, which is a tumor antigen expressed on a number of solid tumors including mesothelioma, ovarian cancer, pancreatic cancer, non-small cell lung cancer and other tumors over-expressing mesothelin. Both programs were licensed to Bayer in December 2020, pursuant to an exclusive, field-limited license (the Bayer License Agreement).

- MSK is currently conducting an open-label, single-arm Phase 1 clinical study of ATA2271 for patients with advanced mesothelioma. We anticipate the first presentation of preclinical, clinical, and translational data from the lowest dose cohorts of this study will take place during a mini oral session at the European Society for Medical Oncology (ESMO) Immuno-Oncology Congress on December 9, 2021.
- We continue to make progress on IND-enabling studies for ATA3271, an off-the-shelf, allogeneic CAR T therapy targeting mesothelin using a PD-1 DNR and 1XX CAR co-stimulatory signaling domain through our EBV T-cell platform, and we expect our partner Bayer to file the IND in the second half of 2022.
- We plan to present preclinical data for ATA3271 at the Society for Immunotherapy of Cancer (SITC) 36<sup>th</sup> Annual Meeting, taking place November 10-14, 2021.

#### ***ATA3219***

We are also developing ATA3219, an off-the-shelf, allogeneic CD19 CAR T immunotherapy targeting B-cell malignancies, as a potential best-in-class therapy without the need for TCR gene editing, using our next-generation 1XX CAR co-stimulatory domain and EBV T-cell platform.

- We continue to make progress on IND-enabling studies and plan to submit an IND for ATA3219 for patients with B-cell malignancies in the first quarter of 2022.

#### ***Additional Programs and Platform Expansion Activities***

In addition to the prioritized programs described above, we have a number of preclinical programs. We are collaborating with Moffitt to develop ATA2431, a multi-targeted CAR T immunotherapy targeting B-cell malignancies. We returned the acute myeloid leukemia (AML) program to Moffitt in August 2021. We are also collaborating with QIMR Berghofer on the development of ATA368 for patients with human papillomavirus (HPV) associated cancers.

We believe our platform will have utility beyond the current set of targets to which it has been directed. We continue to evaluate additional product candidates, including those derived from collaborations with our partners. We also continue to evaluate opportunities to license or acquire additional product candidates or technologies to enhance our existing platform.

#### **Manufacturing**

In addition to our manufacturing facility in Thousand Oaks, California, we also work with Cognate BioServices, Inc. (Cognate) pursuant to a Commercial Manufacturing Services Agreement (the Manufacturing Agreement) that we entered into in December 2019 Pursuant to the Manufacturing Agreement, Cognate provides manufacturing services for certain of our product candidates. The initial term of the Manufacturing Agreement, as amended, runs until May 31, 2022. We may terminate the Manufacturing Agreement for convenience on six months' written notice to Cognate, or immediately if Cognate is unable to perform the services under the

Manufacturing Agreement or fails to obtain or maintain certain necessary approvals. In March 2021, Charles River Laboratories Inc. (CRL) acquired Cognate.

### **COVID-19 Business Update**

We continue to closely monitor the impact of the ongoing and evolving COVID-19 pandemic on our business and operations and have taken steps designed to ensure the health and safety of our employees, staff, clinical site staff and patients and to maintain business continuity. Based on guidance issued by federal, state and local authorities, we have temporarily transitioned most of our workforce to a remote, work-from-home model, while maintaining essential in-person manufacturing and laboratory functions in order to advance key research, development and manufacturing priorities. We implemented safety protocols and procedures to support our onsite workforce.

In addition to implementing measures designed to protect the health and safety of our workforce, our clinical study and operational teams are working closely with clinical sites to support the safety of site staff and patients as well as preserve data integrity and access to treatment as appropriate. Where needed, remote study visits, tele-medicine, home health care, and other methods have been leveraged to ensure continuity of care for patients while preserving key endpoint data.

To date, the COVID-19 pandemic has not materially impacted our or our partners' clinical, research and development, regulatory and manufacturing operations or timelines. However, at the onset of the pandemic, we experienced, and depending on the evolving impacts of the ongoing COVID-19 pandemic, we may again experience, some transient delays in clinical study operations, as a result COVID-19.

The full extent to which the COVID-19 pandemic may impact our business and operations is subject to future developments which are uncertain and difficult to predict. We continue to monitor the impact of the COVID-19 pandemic on our business and operations and will adjust our activities as appropriate.

For additional information about risks and uncertainties related to the COVID-19 pandemic that may impact our business, financial condition and operations, see the section titled "Risk Factors" under Part II, Item 1A in this Quarterly Report on Form 10-Q.

### **Financial Overview**

We have a limited operating history. Since our inception in 2012, we have devoted substantially all of our resources to identify, acquire and develop our product candidates, including conducting preclinical and clinical studies, acquiring or manufacturing materials for clinical studies, constructing our manufacturing facility and providing general and administrative support for these operations.

Our net losses were \$246.8 million and \$225.3 million for the nine months ended September 30, 2021 and 2020, respectively. As of September 30, 2021, we had an accumulated deficit of \$1.4 billion. Substantially all of our net losses have resulted from costs incurred in connection with our research and development programs and from general and administrative expenses associated with our operations. As of September 30, 2021, our cash, cash equivalents and short-term investments totaled \$357.2 million, which we intend to use to fund our operations.

### **Revenues**

We have never generated revenues from the sale of products and have incurred losses since inception. We do not expect to receive any revenue from product sales unless and until we obtain regulatory approval for and commercialize one of our current or future product candidates. Our revenues to date are derived solely from agreements with Bayer and Pierre Fabre related to upfront license fees, fees for research, process development and translational activities and technology transfer fees.

We expect that any revenue we generate from our Bayer Agreements, the Pierre Fabre Commercialization Agreement and any future collaboration and research and license partners will fluctuate from year to year as a result of the timing and number of milestones and other payments.

### ***Research and Development Expenses***

The largest component of our total operating expenses since inception has been our investment in research and development activities, including the preclinical and clinical development of our product candidates. Research and development expenses consist primarily of compensation and benefits for research and development employees, including stock-based compensation; expenses incurred under agreements with contract research organizations and investigative sites that conduct preclinical and clinical studies; the costs of acquiring and manufacturing clinical study materials and other supplies; payments under licensing and research and development agreements; other outside services and consulting costs; and facilities, information technology and overhead expenses. Research and development costs are expensed as incurred.

We plan to continue investment in the development of our product candidates. Our current planned research and development activities include the following:

- continuing to initiate sites and enroll patients in our Phase 3 clinical study of tab-ce1® for the treatment of patients with EBV+ PTLD after HCT and SOT who have failed rituximab;
- process development, testing and manufacturing of drug supply to support clinical and IND-enabling studies;
- continuing development of ATA188 in PMS;
- continuing to develop product candidates based on our next-generation CAR T programs;
- continuing to develop our product candidates in additional indications, including tab-ce® for EBV+ cancers;
- continuing to develop other pre-clinical product candidates; and
- leveraging our relationships and experience to in-license or acquire additional product candidates or technologies.

In addition, we believe it is important to invest in the development of new product candidates to continue to build the value of our product candidate pipeline and our business. We plan to continue to advance our most promising early product candidates into preclinical development with the objective to advance these early-stage programs to human clinical studies over the next several years.

Our expenditures on current and future preclinical and clinical development programs are subject to numerous uncertainties in timing and cost to completion. The duration, costs, and timing of clinical studies and development of our product candidates will depend on a variety of factors, including:

- the availability of qualified drug supply for use in our ongoing Phase 3 or other clinical studies;
- the scope, rate of progress, and expenses of our ongoing clinical studies, potential additional clinical studies and other research and development activities;
- the potential review or reanalysis of our clinical study results;
- future clinical study results;
- uncertainties in clinical study enrollment rates or discontinuation rates of patients, including any potential impact of the COVID-19 pandemic;
- potential additional safety monitoring or other studies requested by regulatory agencies;
- changing medical practice patterns related to the indications we are investigating;
- significant and changing government regulation;
- disruptions caused by man-made or natural disasters or public health pandemics or epidemics, including, for example, the COVID-19 pandemic; and
- the timing and receipt of any regulatory approvals, as well as potential post-market requirements.

The process of conducting the necessary clinical research to obtain approval from the FDA and other regulators is costly and time consuming and the successful development of our product candidates is highly uncertain. The risks and uncertainties associated with our research and development projects are discussed more fully in the section of this report titled “1A. Risk Factors.” As a result of these risks and uncertainties, we are unable to determine with any degree of certainty the duration and completion costs of our research and development projects, or if, when, or to what extent we will generate revenues from the commercialization and sale of any of our product candidates that obtain regulatory approval. We may never succeed in achieving regulatory approval for any of our product candidates.

### General and Administrative Expenses

General and administrative expenses consist primarily of compensation and benefits for legal, human resources, finance, commercial and other general and administrative employees, including stock-based compensation; professional services costs, including legal, patent, human resources, audit and accounting services; other outside services and consulting costs, including those related to pre-commercial activities; and information technology and facilities costs.

### Interest and Other Income (Expense), net

Interest and other income (expense), net consists primarily of interest earned on our cash, cash equivalents and short-term investments and translation gains and losses on transactions denominated in foreign currencies.

### Critical Accounting Policies and Significant Judgments and Estimates

There have been no significant changes to our critical accounting policies and significant judgments and estimates during the nine months ended September 30, 2021 from those disclosed in our management's discussion and analysis of financial condition and results of operations included in our Annual Report on Form 10-K for the year ended December 31, 2020 filed with the SEC on March 1, 2021.

### Results of Operations

#### Comparison of the Three and Nine Months Ended September 30, 2021 and 2020

##### Revenues

Revenue consisted of the following in the periods presented:

	Three Months Ended September 30,		Increase (Decrease)	Nine Months Ended September 30,		Increase (Decrease)
	2021	2020		2021	2020	
	(in thousands)			(in thousands)		
License and collaboration revenue	\$ 5,370	\$ —	\$ 5,370	\$ 12,792	\$ —	\$ 12,792

License and collaboration revenue for the three months and nine months ended September 30, 2021 consisted of revenue related to the recognition of upfront license fees, fees for research, process development and translational activities, and technology transfer and manufacturing service fees under the Bayer Agreements. No revenue was recognized in 2020.

##### Research and development expenses

Research and development expenses consisted of the following costs, by program, in the periods presented:

	Three Months Ended September 30,		Increase (Decrease)	Nine Months Ended September 30,		Increase (Decrease)
	2021	2020		2021	2020	
	(in thousands)			(in thousands)		
Tab-cel® expenses	\$ 12,127	\$ 15,723	\$ (3,596)	\$ 36,874	\$ 45,426	\$ (8,552)
ATA188, CAR T and other program expenses	7,481	4,127	3,354	24,134	14,339	9,795
Employee and overhead expenses	50,725	40,027	10,698	141,859	119,331	22,528
Total research and development expenses	\$ 70,333	\$ 59,877	\$ 10,456	\$ 202,867	\$ 179,096	\$ 23,771

Tab-cel® expenses were \$12.1 million and \$36.9 million in the three and nine months ended September 30, 2021, respectively, as compared to \$15.7 million and \$45.4 million in the comparative 2020 periods. The decreases in 2021 were primarily due to higher production activities in 2020 related to the build-up of our tab-cel® inventory.

ATA188, CAR T and other program expenses were \$7.4 million and \$24.1 million in the three and nine months ended September 30, 2021, respectively, as compared to \$4.1 million and \$14.3 million in the comparative 2020 periods. The increase in the three months ended September 30, 2021 was primarily due to increased research and clinical trial costs related to our ATA188 and CAR T programs. The increase in the nine months ended September 30, 2021 was primarily related to milestone and license fees due to MSK and QIMR, and an increase in research and clinical trial costs to further advance ATA188 and our CAR T programs.

Employee and overhead expenses were \$50.7 million and \$141.8 million in the three and nine months ended September 30, 2021, respectively, as compared to \$40.0 million and \$119.3 million in the comparative 2020 periods. The increases were primarily due to higher compensation-related costs from increased headcount, higher outside services, and higher facility-related costs in support of our continuing expansion of research and development activities. For the three months ended September 30, 2021, payroll and related costs increased by \$5.6 million, facility-related costs increased by \$3.9 million and outside services costs increased by \$1.2 million. For the nine months ended September 30, 2021, payroll and related costs increased by \$11.8 million, facility-related costs increased by \$7.8 million and outside services costs increased by \$2.9 million.

Total research and development expenses for the nine months ended September 30, 2021 and 2020 were not significantly impacted as a result of the COVID-19 pandemic.

#### *General and administrative expenses*

	Three Months Ended		Increase (Decrease)	Nine Months Ended		Increase (Decrease)
	September 30,			September 30,		
	2021	2020	2021	2020		
	(in thousands)			(in thousands)		
General and administrative expenses	\$ 19,849	\$ 14,829	\$ 5,020	\$ 56,984	\$ 48,259	\$ 8,725

General and administrative expenses increased to \$19.8 million and \$57.0 million in the three and nine months ended September 30, 2021, respectively, as compared to \$14.8 million and \$48.3 million in the comparative 2020 periods. The increases were primarily driven by higher compensation-related costs from increased headcount and activities to support our anticipated tab-cel® launch.

Total general and administrative expenses for the nine months ended September 30, 2021 and 2020 were not significantly impacted as a result of the COVID-19 pandemic.

### **Liquidity and Capital Resources**

#### *Sources of Liquidity*

Since our inception in 2012, we have funded our operations primarily through the issuance of common and preferred stock, issuance of pre-funded warrants to purchase common stock and upfront fees from the Bayer License Agreement and the Pierre Fabre Commercialization Agreement.

In February 2020, we entered into a sales agreement (the 2020 ATM Facility) with Cowen and Company, LLC (Cowen), which provides for the sale, in our sole discretion, of shares of our common stock having an aggregate offering price of up to \$100.0 million through Cowen, as our sales agent. The issuance and sale of these shares by us pursuant to the 2020 ATM Facility are deemed “at the market” offerings and are registered under the Securities Act of 1933, as amended (the Securities Act), and are registered under the Securities Act. We pay a commission of up to 3.0% of gross sales proceeds of any common stock sold under the 2020 ATM Facility.

During the three months ended September 30, 2021, we sold an aggregate of 3,258,909 shares of common stock under the 2020 ATM Facility, at an average price of \$15.33 per share for gross proceeds of \$49.9 million and net proceeds of \$48.7 million, after deducting commissions and other offering expenses payable by us. For the nine months ended September 30, 2021, we sold an aggregate of 3,404,539 shares of common stock under ATM facilities, at an average price of \$15.41 per share, for gross proceeds of \$52.5 million and net proceeds of \$51.2 million, after deducting commissions and other offering expenses payable by us. On October 1, 2021, we received the remaining net proceeds of approximately \$2.3 million from sales of shares of common stock under the 2020 ATM Facility that occurred during September 2021.

As of September 30, 2021, we have \$27.2 million of common stock remained available to be sold under the 2020 ATM Facility, subject to certain conditions as specified in the agreement.

We have incurred losses and negative cash flows from operations in each year since inception. We do not expect to receive any revenues from the sale of products unless and until we obtain regulatory approval for and commercialize any of our product candidates. As such, we anticipate that we will continue to incur losses in the foreseeable future. We expect that our operating expenses will continue to increase. As a result, we will need additional capital to fund our operations, which we may raise through a combination of equity offerings, debt financings, other third-party funding, marketing and distribution arrangements and other collaborations, strategic alliances and licensing arrangements. We may borrow funds on terms that may include restrictive covenants, including covenants that restrict the operation of our business, liens on assets, high effective interest rates and repayment provisions that reduce cash resources and limit future access to capital markets. In addition, we expect to continue to opportunistically seek access to additional funds through additional public or private equity offerings or debt financings including by utilizing the 2020 ATM Facility, through potential collaborations, partnering or other strategic arrangements, or a combination of the foregoing. To the extent that we raise additional capital by issuing equity securities, our stockholders may experience substantial dilution. To the extent that we

raise additional funds through collaboration or partnering arrangements, we may be required to relinquish some of our rights to our technologies or rights to market and sell our products in certain geographies, grant licenses or other rights on terms that are not favorable to us, or issue equity that may be substantially dilutive to our stockholders.

Cash in excess of immediate requirements is invested in accordance with our investment policy, primarily with a view to liquidity and capital preservation. Currently, our cash, cash equivalents and short-term investments are held in bank and custodial accounts and consist of money market funds, U.S. Treasury, government agency and corporate debt obligations, commercial paper and asset-backed securities. We expect that existing cash, cash equivalents and short-term investments as of September 30, 2021, together with the \$45.0 million upfront payment received in connection with the Pierre Fabre Commercialization Agreement, will be sufficient to fund our planned operations into the second quarter of 2023.

Our cash, cash equivalents and short-term investments balances as of the dates indicated were as follows:

	September 30, 2021	December 31, 2020
	(in thousands)	
Cash and cash equivalents	\$ 113,209	\$ 200,404
Short-term investments	244,036	300,255
Total cash, cash equivalents and short-term investments	<u>\$ 357,245</u>	<u>\$ 500,659</u>

## Cash Flows

### Comparison of the Nine Months Ended September 30, 2021 and 2020

The following table details the primary sources and uses of cash for each of the periods set forth below:

	Nine Months Ended September 30,	
	2021	2020
	(in thousands)	
Net cash (used in) provided by:		
Operating activities	\$ (186,253)	\$ (176,639)
Investing activities	46,582	(83,836)
Financing activities	52,476	248,778
Net (decrease) increase in cash, cash equivalents and restricted cash	<u>\$ (87,195)</u>	<u>\$ (11,697)</u>

### Operating activities

Net cash used in operating activities was \$186.3 million in the nine months ended September 30, 2021 as compared to \$176.6 million in the comparative 2020 period. The increase of \$9.6 million was primarily due to a \$21.5 million increase in net loss, partially offset by a \$10.3 million decrease in net working capital usage.

### Investing activities

Net cash provided by investing activities in the nine months ended September 30, 2021 consisted of \$279.5 million received from maturities and sales of available-for-sale securities, offset by \$224.8 million used to purchase available-for-sale securities and \$8.1 million in purchases of property and equipment. Net cash used in investing activities in the comparative 2020 period consisted of \$279.2 million used to purchase available-for-sale securities and \$3.9 million in purchases of property and equipment, partially offset by \$199.3 million received from maturities and sales of available-for-sale securities.

### Financing activities

Net cash provided by financing activities in the nine months ended September 30, 2021 consisted primarily of \$48.7 million of net proceeds received from ATM facilities and \$5.2 million from employee stock award transactions, partially offset by \$1.2 million of taxes paid related to the net share settlement of RSUs. Net cash provided by financing activities in the comparative 2020 period consisted primarily of \$189.3 million of net proceeds received from an underwritten public offering of common stock and pre-funded warrants, \$58.0 million of net proceeds received from ATM facilities and \$3.4 million from employee stock award transactions, partially offset by \$1.5 million of taxes paid related to the net share settlement of RSUs.

## Operating Capital Requirements and Plan of Operations

To date, we have not generated any revenue from product sales. We do not know when, or if, we will generate any revenue from product sales. We do not expect to generate any revenue from product sales unless and until we obtain regulatory approval for and commercialize one of our current or future product candidates. We anticipate that we will continue to generate losses for the foreseeable future, and we expect the accumulated losses to increase as we continue the development of and seek regulatory approvals for our product candidates and begin to commercialize any approved products. We are subject to all of the risks inherent in the development of new products, and we may encounter unforeseen expenses, difficulties, complications, delays and other unknown factors that may adversely affect our business. We anticipate that we will need to raise substantial additional funding in connection with our continuing and expected expansion of our operations.

We expect that our existing cash, cash equivalents and short-term investments as of September 30, 2021, together with the \$45.0 million upfront payment received in connection with the Pierre Fabre Commercialization Agreement, will be sufficient to fund our planned operations into the second quarter of 2023. In order to complete the process of obtaining regulatory approval for any of our product candidates and to build the sales, marketing and distribution infrastructure that we believe will be necessary to commercialize our product candidates, if approved, we will require substantial additional funding. In addition, we expect to continue to opportunistically seek access to additional funds through additional public or private equity offerings or debt financings, through potential collaborations, partnering or other strategic arrangements, or a combination of the foregoing.

We have based our projections of operating capital requirements on assumptions that may prove to be incorrect and we may use all of our available capital resources sooner than we expect. 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 timing, costs and results of our ongoing and planned clinical and preclinical studies for our product candidates;
- our success in establishing and scaling commercial manufacturing capabilities;
- the number and characteristics of product candidates that we pursue;
- the outcome, timing and costs of seeking regulatory approvals;
- subject to receipt of regulatory approval, costs associated with the commercialization of our product candidates and the amount of revenues received from commercial sales of our product candidates;
- the timing of proceeds from the Bayer License Agreement and the Pierre Fabre Commercialization Agreement, as well as the terms and timing of any future collaborations, licensing, consulting or other arrangements that we may establish;
- the amount and timing of any payments we may be required to make in connection with the licensing, filing, prosecution, maintenance, defense and enforcement of any patents or patent applications or other intellectual property rights;
- the extent to which we in-license or acquire other products and technologies; and
- the timing of capital expenditures, including the qualification of our manufacturing facility.

Until we are able to generate a sufficient amount of product revenue and generate positive net cash flows from operations, which we may never do, meeting our long-term capital requirements is in large part reliant on access to public and private equity and debt capital markets, augmented by cash generated from operations and interest income earned on the investment of our cash balances. We expect to continue to seek access to the equity and debt capital markets to support our development efforts and operations. To the extent that we raise additional capital by issuing equity securities, our stockholders may experience substantial dilution. To the extent that we raise additional funds through collaboration or partnering arrangements, we may be required to relinquish some of our rights to our technologies or rights to market and sell our products in certain geographies, grant licenses or other rights on terms that are not favorable to us, or issue equity that may be substantially dilutive to our stockholders.

As a result of economic conditions, general global economic uncertainty, political change and other factors, including the ongoing COVID-19 pandemic, we do not know whether additional capital will be available when needed, or that, if available, we will be able to obtain additional capital on reasonable terms. If we are unable to raise additional capital due to the volatile global financial markets, general economic uncertainty or other factors, we will be forced to delay, limit, reduce or terminate preclinical studies, clinical studies or other development activities for one or more of our product candidates.

### **Contractual Obligations and Commitments**

We lease our corporate headquarters in South San Francisco, California under a non-cancellable lease agreement for approximately 13,670 square feet of office space. In October 2020, we entered into an amendment of this lease to extend the lease term by one year and an option to extend the lease for an additional five years. The amended lease expires in May 2022.

In February 2017, we entered into a lease agreement for approximately 90,580 square feet of office, lab and cellular therapy manufacturing space in Thousand Oaks, California. The initial 15-year term of this lease commenced in February 2018, and the contractual obligations during the initial term are \$16.4 million in aggregate. We have the option to extend this lease for two additional periods of ten and nine years, respectively, after the initial term. In connection with this lease, we were required to issue a letter of credit in the amount of \$1.2 million to the landlord, which is recorded as long-term restricted cash in our condensed consolidated balance sheet.

In November 2018, we entered into a lease agreement for approximately 51,160 square feet of office space in Thousand Oaks, California. The initial term of this lease expires in February 2026. The contractual obligations during the initial term are \$8.5 million in aggregate. We have the option to extend the lease for an additional period of five years after the initial term.

In May 2019, we entered into a new lease agreement for approximately 8,800 square feet of office and lab space in Aurora, Colorado. The initial term of this lease expires in April 2024. In February 2021, we further amended this lease to add an additional 2,861 square feet of lab space. The contractual obligations during the lease term are not material. We have the option to extend this lease for two additional five-year periods after the initial term.

In March 2021, we entered into a new lease agreement for approximately 33,659 square feet of office, lab and warehouse space in Thousand Oaks, California. The initial 10.5-year term of this lease commenced in August 2021 and the contractual obligations during the initial term are \$21.0 million in aggregate. We have the option to extend this lease for two additional five-year periods after the initial term.

Our contractual obligations primarily consist of our obligations under non-cancellable operating and finance leases and contracts we enter into in the normal course of business with clinical research organizations for clinical studies, with contract manufacturing organizations for clinical supplies, and with other vendors for preclinical studies and supplies and other services and products for operating purposes. These contracts generally provide for termination on notice, with the exception of one of our contract manufacturing agreements which we may terminate for convenience upon six months' written notice. With the exception of the aforementioned lease agreement entered into during the first quarter of 2021, there have been no material changes to our contractual obligations and commitments reported in our Annual Report on Form 10-K for the year ended December 31, 2020 filed with the SEC on March 1, 2021.

### **Off-Balance Sheet Arrangements**

We did not have, and we do not currently have, any off-balance sheet arrangements, as defined in the rules and regulations of the SEC, during the periods presented.

### **Item 3. Quantitative and Qualitative Disclosures about Market Risk**

During the nine months ended September 30, 2021, there were no material changes to our interest rate risk disclosures, market risk disclosures and foreign currency exchange rate risk disclosures reported in our Annual Report on Form 10-K for the year ended December 31, 2020 filed with the SEC on March 1, 2021.

**Item 4. Controls and Procedures*****Evaluation of Disclosure Controls and Procedures***

Under the supervision of our Chief Executive Officer and Chief Financial Officer, we evaluated the effectiveness of our disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) of the Exchange Act as of September 30, 2021. Based on that evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that our disclosure controls and procedures were effective as of September 30, 2021 to ensure that information required to be disclosed by us in the reports we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely discussion regarding required disclosures. In designing and evaluating our disclosure controls and procedures, management recognizes that any disclosure controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives. In addition, the design of disclosure controls and procedures must reflect the fact that there are resource constraints and that management is required to apply its judgment in evaluating the benefits of possible controls and procedures relative to their costs.

***Changes in Internal Control over Financial Reporting***

There was no change in our internal control over financial reporting identified in connection with the evaluation required by Rules 13a-15(d) and 15d-15(d) of the Exchange Act that occurred during the three months ended September 30, 2021 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

## PART II. OTHER INFORMATION

### Item 1. Legal Proceedings

None.

### Item 1A. Risk Factors

*Investing in our common stock involves a high degree of risk. Investors should carefully consider all of the risk factors and uncertainties described below, in addition to the other information contained in this Quarterly Report on Form 10-Q, including the section of this report titled “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and our consolidated and combined financial statements and related notes, before investing in our common stock.*

*The risks described below may not be the only ones relating to our company and additional risks that we currently believe are immaterial may also affect us. If any of these risks, including those described below, materialize, our business, competitive position, reputation, financial condition, results of operations, cash flows and future prospects could be seriously harmed. In these circumstances, the market price of our common stock could decline, and investors may lose all or a part of their investment.*

#### Risks Related to Our Financial Results and Capital Needs

***We have incurred substantial losses since our inception and anticipate that we will continue to incur substantial and increasing losses for the foreseeable future.***

We are a clinical-stage biopharmaceutical company. Investment in biopharmaceutical product development is highly speculative because it entails substantial upfront capital expenditures and significant risk that product candidates will fail to prove effective, gain regulatory approval or become commercially viable. We do not have any products approved by regulatory authorities and have not generated any revenues from product sales, and have incurred significant research, development and other expenses related to our ongoing operations and expect to continue to incur such expenses. As a result, we have not been profitable and have incurred significant operating losses in every reporting period since our inception. For the nine months ended September 30, 2021, we reported a net loss of \$246.8 million.

We do not expect to generate product revenues in the near future, if at all. We expect to continue to incur significant expenses and operating losses for the foreseeable future. We anticipate these losses to increase as we continue to research, develop and seek regulatory approvals for our product candidates and any additional product candidates we may acquire, in-license or develop, and potentially begin to commercialize product candidates that may achieve regulatory approval. We may encounter unforeseen expenses, difficulties, complications, delays and other unknown factors that may adversely affect our business. The size of our future net losses will depend, in part, on the rate of future growth of our expenses and our ability to generate revenues. If any of our product candidates fails in clinical studies or does not gain regulatory approval, or if approved, fails to achieve market acceptance, we may never become profitable. Even if we achieve profitability in the future, we may not be able to sustain profitability in subsequent periods. We anticipate that our expenses will increase in the future as we continue to invest in research and development of our existing product candidates, investigate and potentially acquire new product candidates and expand our manufacturing and commercialization activities.

***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.***

Our company was formed in August 2012. Our operations to date have been limited to organizing and staffing our company, acquiring product and technology rights and conducting product development activities for our product candidates. We have not yet demonstrated our ability to successfully complete any Phase 2 or Phase 3 clinical studies, obtain regulatory approval, consistently manufacture a commercial scale product or arrange for a third party to do so on our behalf, or conduct sales and marketing activities necessary for successful commercialization for any of our product candidates. In addition, the adoptive immunotherapy technology underlying our T-cell product candidates, including our next-generation CAR T programs, is new and largely unproven. Any predictions about our future success, performance or viability, particularly in view of the rapidly evolving immunotherapy field, may not be as accurate as they could be if we had a longer operating history or approved products on the market.

In addition, as a young business, we may encounter unforeseen expenses, difficulties, complications, delays and other known and unknown factors. Because of the anticipated completion of our BLA filing for tab-cel® in the second quarter of 2022, we plan to begin transitioning from a company with a research and development focus to a company capable of supporting commercial activities. We may not be successful in such a transition. We expect our financial condition and operating results to continue to fluctuate significantly from quarter to quarter and year to year due to a variety of factors, many of which are beyond our control. Accordingly, any of our quarterly or annual periods’ results are not indicative of future operating performance.

***We currently have no approved products and thus have no product revenues. We may never generate revenues from the sale of products or achieve profitability.***

To date, we have not generated any revenues from product sales. Even if we are able to successfully achieve regulatory approval for our product candidates, we do not know when we will generate revenues from product sales or become profitable, if at all. Our ability to generate revenues from product sales and achieve profitability will depend on our ability to successfully commercialize products, including any of our current product candidates, and other product candidates that we may develop, in-license or acquire in the future. Our ability to generate revenues from the sale of products and achieve profitability also depends on a number of additional factors, including our ability to:

- successfully complete development activities, including the necessary clinical studies with positive results;
- complete and submit regulatory submissions to the FDA, EMA or other agencies and obtain regulatory approval for indications for which there is a commercial market;
- obtain coverage and adequate reimbursement from third parties, including government and private payors;
- set commercially viable prices for our products, if any;
- develop manufacturing and distribution processes for our novel T-cell immunotherapy product candidates;
- develop commercial quantities of our products at acceptable cost levels;
- establish and maintain adequate supply of our products, including cell lines with sufficient breadth to treat patients;
- establish and maintain manufacturing relationships with reliable third parties or qualify our manufacturing facility such that we can maintain the supply of our products by ensuring adequate, manufacturing of bulk drug substances and drug products in a manner that is compliant with global legal requirements;
- achieve market acceptance of our products, if any;
- attract, hire and retain qualified personnel;
- protect our rights in our intellectual property portfolio;
- develop a commercial organization capable of sales, marketing and distribution for any products we intend to sell ourselves in the markets in which we choose to commercialize on our own; and
- find suitable distribution partners to help us market, sell and distribute our approved products in other markets.

Our revenues for any product candidate for which regulatory approval is obtained 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 get reimbursement at any price, and whether we own the commercial rights for that territory. If the number of our addressable disease patients is not as significant as we estimate, the indication approved by regulatory authorities is narrower than we expect, or the reasonably accepted population for treatment is narrowed by competition, physician choice, treatment guidelines or a reduction in the incidence of the addressable disease, we may not generate significant revenues from sales of our products, even if approved. In addition, we anticipate incurring significant costs associated with commercializing any approved product candidate. As a result, even if we generate revenues, we may not become profitable and may need to obtain additional funding to continue operations. If we fail to become profitable or are unable to sustain profitability on a continuing basis, then we may be unable to continue our operations at planned levels and may be forced to reduce our operations.

***We will require substantial additional financing to achieve our goals, and a failure to obtain this necessary capital when needed could force us to delay, limit, reduce or terminate our product development or commercialization efforts.***

We expect to expend substantial resources for the foreseeable future to continue the clinical development and manufacturing of our T-cell immunotherapy product candidates, and the advancement and expansion of our preclinical research pipeline. We also expect to continue to expend resources for the development and manufacturing of product candidates and the technology we have licensed or have an exclusive right to license from our partners. These expenditures will include costs associated with research and development, potentially acquiring or licensing new product candidates or technologies, conducting preclinical and clinical studies and potentially obtaining regulatory approvals and manufacturing products, as well as marketing and selling products approved for sale, if any. Under the terms of our license agreements with each of our in-license partners, we are obligated to make payments upon the achievement of certain development, regulatory and commercial milestones. We will also need to make significant expenditures to develop a commercial organization capable of sales, marketing and distribution for any products, if any, that we intend to sell ourselves in the markets in which we choose to commercialize on our own. In addition, other unanticipated costs may arise. Because the design and outcome of our ongoing, planned and anticipated clinical studies is highly uncertain, we cannot reasonably estimate the actual amounts necessary to successfully complete the development and commercialization of our product candidates.

Our future capital requirements depend on many factors, including:

- the scope, progress, results and costs of researching and developing our product candidates, and conducting preclinical and clinical studies;
- the timing of, and the costs involved in, obtaining regulatory approvals for our product candidates, if clinical studies are successful, including any costs from post-market requirements;
- the cost of commercialization activities for our product candidates, if any of these product candidates is approved for sale, including marketing, sales and distribution costs;
- the cost of manufacturing or contracting for the manufacture of our product candidates for clinical studies in preparation for regulatory approval and in preparation for commercialization;
- our ability to establish and maintain strategic licensing or other arrangements and the financial terms of such agreements;
- the costs to develop, acquire or in-license future product candidates or technologies;
- the costs involved in preparing, filing, prosecuting, maintaining, expanding, defending and enforcing patent claims, including litigation costs and the outcome of such litigation;
- the timing, receipt and amount of sales of, or royalties on, our future products, if any; and
- the emergence of competing technologies or other adverse market developments.

We believe that our existing cash, cash equivalents and short-term investments as of September 30, 2021, together with the \$45.0 million upfront payment received in connection with the Pierre Fabre Commercialization Agreement will be sufficient to fund our planned operations into the second quarter of 2023. As of September 30, 2021, we had total cash, cash equivalents and short-term investments of \$357.2 million. However, our operating plan may change as a result of many factors currently unknown to us, and we may need additional funds sooner than planned.

We do not have any committed external source of funds other than reimbursements, milestone and royalty payments that we may receive under the Bayer Agreements and milestone and royalty payments that we may receive under Pierre Fabre Commercialization Agreement. While we expect to continue to opportunistically seek access to additional funds through additional public or private equity offerings or debt financings, through potential collaborations, partnering or other strategic arrangements, or a combination of the foregoing, additional funds may not be available when we need them on terms that are acceptable to us, or at all. If adequate funds are not available to us on a timely basis, we may be required to delay, limit, reduce or terminate preclinical studies, clinical studies or other development activities for one or more of our product candidates or delay, limit, reduce or terminate our establishment of sales, marketing and distribution capabilities or other activities that may be necessary to commercialize our product candidates.

***Raising additional capital may cause dilution to our existing stockholders, restrict our operations or require us to relinquish rights to our product candidates on terms that are unfavorable to us.***

We may seek required additional capital through a variety of means, including through private and public equity offerings and debt financings. To the extent that we raise additional capital through the sale of equity or convertible debt securities, or if existing holders of warrants exercise their rights to purchase common stock, the ownership interest of existing stockholders will be diluted, and the terms may include liquidation or other preferences that adversely affect the rights of stockholders. To the extent equity valuations, including the trading price of our common stock, are depressed as a result of economic disruptions or other uncertainties, for example due to the COVID-19 pandemic or other factors, the potential magnitude of this dilution will increase. Debt financing, if available, may involve agreements that include covenants limiting or restricting our ability to take certain actions, including incurring additional debt, making capital expenditures, entering into licensing arrangements, or declaring dividends. If we raise additional funds from third parties, we may have to relinquish valuable rights to our technologies or product candidates or grant licenses or other rights on terms that are not favorable to us. If we are unable to raise additional funds through equity or debt financing when needed, we may be required to delay, limit, reduce or terminate our product development or commercialization efforts for our product candidates, grant to others the rights to develop and market product candidates that we would otherwise prefer to develop and market ourselves or take other actions that are adverse to our business.

## Risks Related to the Development of Our Product Candidates

*We are generally early in our development efforts and have only a small number of product candidates in clinical development. All of our other product candidates are still in preclinical development. If we or our collaborators are unable to successfully develop and commercialize product candidates or experience significant delays in doing so, our business may be materially harmed.*

We are generally early in our development efforts, and only a small number of our product candidates are in clinical development. The majority of our product candidates are currently in preclinical development. We have invested substantial resources in identifying and developing potential product candidates, conducting preclinical and clinical studies, manufacturing activities and preparing for the potential commercial launch of our product candidates. Our ability to generate revenues from the sale of products, if approved, will depend heavily on the successful development and eventual commercialization of our product candidates. The success of our product candidates will depend on many factors, including the following:

- completion of preclinical and clinical studies with positive results, demonstrating the safety, purity, and potency of our product candidates to the satisfaction of the FDA or other regulatory agencies;
- receipt of regulatory approvals from applicable authorities, including required authorizations for clinical trials and marketing authorizations;
- protecting our rights in our intellectual property portfolio, including by obtaining and maintaining patent and trade secret protection and regulatory exclusivity for our product candidates;
- establishing or making arrangements with third-party manufacturers or qualifying our own manufacturing facility for clinical and commercial manufacturing purposes;
- developing manufacturing and distribution processes for our novel T-cell product candidates and next-generation CAR T programs;
- manufacturing or contracting with third parties for the manufacture of our product candidates at an acceptable cost;
- launching commercial sales of our products, if approved by applicable regulatory authorities, whether alone or in collaboration with others;
- acceptance of our products, if approved by applicable regulatory authorities, by patients and the medical community;
- obtaining and maintaining coverage and adequate reimbursement by third-party payors, including government payors, for our products, if approved by applicable regulatory authorities;
- effectively competing with other therapies;
- maintaining a continued acceptable benefit/risk profile of the products following approval; and
- maintaining and growing an organization of scientists and functional experts who can develop and commercialize our products and technology.

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 develop and commercialize our product candidates, which could materially harm our business.

*Our business and operations have been affected by and could be materially and adversely affected in the future by the effects of health epidemics and pandemics, including the evolving and ongoing effects of the COVID-19 pandemic, in particular with respect to any new variants or resurgences of the pandemic. The COVID-19 pandemic continues to impact our business and operations and could materially and adversely affect our business and operations in the future, as well as the businesses and operations of third parties on which we rely.*

Our business could be adversely affected by health epidemics and pandemics, including the ongoing COVID-19 pandemic, which has presented a substantial public health and economic challenge around the world and has affected, and continues to affect, our employees, patients, communities and business operations, as well as the U.S. economy and financial markets. As a result of the ongoing COVID-19 pandemic, the work-from-home model we implemented in March 2020 for most of our employees remains in place. We continue to maintain essential in-person manufacturing and laboratory functions in order to advance key research, development and manufacturing priorities. In connection with these measures, we may be subject to claims based upon, arising out of, or related to COVID-19 and our actions and responses thereto, including any determinations that we may make to continue to operate or to re-open our offices and facilities where permitted by applicable law. The effects of current and potential future state executive orders, local shelter-in-place orders, government-imposed quarantines, our work-from-home policies and potential return-to-office strategy and other similar actions may negatively impact productivity, disrupt our business and delay our clinical programs and timelines, the magnitude of which will depend, in part, on the length and severity of the restrictions and other limitations on our ability to conduct our business in the ordinary course.

Further quarantines, shelter-in-place or similar restrictions and other actions taken by foreign, federal, state and local governments, or the perception that such orders, shutdowns or other restrictions on the conduct of business operations could occur or could be reinstated, related to the ongoing COVID-19 pandemic or other infectious diseases, could impact our manufacturing capabilities and third-party manufacturing facilities in the United States and other countries, or the availability or cost of materials, which would disrupt our supply chain. In particular, standard transportation channels have been impacted and we and other manufacturing, testing, product disposition, contract manufacturing organizations (CMOs) and external testing laboratories are subject to enhanced risk assessment and mitigation measures. In addition, there have been and may continue to be interruptions in the supply of leukapheresis collections, which supply raw materials used in our products.

Our clinical trials may also be affected by health epidemics and have been affected by the ongoing and evolving COVID-19 pandemic. Clinical site initiation and patient enrollment have experienced delays as a result of the ongoing and evolving COVID-19 pandemic, including due to the prioritization of hospital resources toward COVID-19 and away from clinical trials or as a result of changing practice patterns that impact the diseases our trials address. Some patients may not be able to comply with clinical trial protocols if quarantines impede patient movement or interrupt healthcare services or if patients contract COVID-19 or are forced to quarantine. For example, while most clinical trial sites for our studies, including our Phase 3 clinical trial of tab-cel<sup>®</sup> in patients with EBV+ PTLN, remain open to enrollment for patients, some sites have limited the screening and enrollment of new patients due to governmental orders related to COVID-19, or fear of infection of COVID-19, have limited, and may continue to limit, patients' abilities to access clinical sites. COVID-19-related travel restrictions may also interrupt key clinical trial activities, such as clinical trial site data monitoring and efficacy, safety and translational data collection, processing and analyses. At the outset of the COVID-19 pandemic, we observed a temporary slow-down in stem cell and solid organ transplant volumes, which may have decreased the eligible patient population for the tab-cel<sup>®</sup> Phase 3 study. In April 2020, we initiated a temporary pause in the screening and enrollment of patients in our EMBOLD study of ATA188 in patients with PMS. Although we were able to resume the screening and enrollment of patients in our EMBOLD study and enrolled the first patient in the study in June 2020, the ongoing COVID-19 pandemic may require us to institute another pause in the screening and enrollment of patients in our EMBOLD study. Similarly, our ability to recruit and retain principal investigators and site staff who, as healthcare providers, may have heightened exposure to COVID-19, may be adversely impacted.

While we expect the ongoing and evolving COVID-19 pandemic to continue to adversely affect our business operations, the extent of the impact on our clinical development and regulatory efforts and the value of and market for our common stock will depend on future developments that are highly uncertain and cannot be predicted with confidence at this time, such as the ultimate duration of the pandemic, travel restrictions, quarantines, social distancing and business closure requirements in the U.S. and in other countries, and the effectiveness of actions taken globally to contain and treat COVID-19. In addition, to the extent the evolving effects of the ongoing and evolving COVID-19 pandemic adversely affect our business and results of operations, it may also have the effect of heightening many of the other risks and uncertainties described elsewhere in this "Risk Factors" section.

***Our future success is dependent on the regulatory approval of our product candidates.***

We do not have any products that have gained regulatory approval. Currently, our prioritized clinical-stage product candidates include tab-ce<sup>®</sup> and ATA188. Our business is substantially dependent on our ability to obtain regulatory approval for, and, if approved, to successfully commercialize our product candidates in a timely manner.

We cannot commercialize product candidates in the U.S. without first obtaining regulatory approval for the product from the FDA; similarly, we cannot commercialize product candidates outside of the U.S. without obtaining regulatory approval from comparable foreign regulatory authorities. Before obtaining regulatory approvals for the commercial sale of any product candidate for a target indication, we must demonstrate with substantial evidence gathered in preclinical and clinical studies that the product candidate is safe and effective for use for that target indication and that the manufacturing facilities, processes and controls are adequate with respect to such product candidate to assure safety, purity and potency.

The time required to obtain approval by the FDA and comparable foreign regulatory authorities is unpredictable but typically takes many years following the commencement of preclinical and clinical studies and depends upon numerous factors, including the substantial discretion of the regulatory authorities. The novel nature of our product candidates may create further challenges in obtaining regulatory approval. For example, the FDA and comparable foreign regulatory authorities have limited experience with regulating the development and commercialization of T-cell immunotherapies, particularly allogeneic T-cell product candidates, and CAR T therapies, including assessing the comparability of different versions of such product candidates. In addition, approval policies, regulations, regulatory positions or the type and amount of clinical and other data necessary to gain approval may change during the course of a product candidate's clinical development and throughout regulatory interactions, and may vary among jurisdictions, particularly for novel therapies. We have not obtained regulatory approval for any product candidate and it is possible that none of our existing product candidates or any future product candidates will ever obtain regulatory approval.

Our product candidates could fail to receive regulatory approval from the FDA or a comparable foreign regulatory authority for many reasons, including:

- disagreement with the design or conduct of our clinical studies;
- failure to demonstrate positive benefit/risk profile of the product candidate for its proposed indication;
- failure of clinical sites to conduct the study in accordance with applicable regulatory requirements;
- failure of clinical studies to meet the level of statistical significance required for approval;
- disagreement with our interpretation of data from preclinical studies or clinical studies;
- the insufficiency of data collected from clinical studies of our product candidates to support the submission and filing of a BLA or other submission or to obtain regulatory approval;
- inability to reach agreement with the FDA or comparable foreign regulatory authorities on the methodologies for, and assessment of, comparability of different versions of product candidates used in non-pivotal studies, pivotal studies and for intended commercial use;
- failure to obtain approval of our manufacturing processes or facilities of third-party manufacturers with whom we contract for clinical and commercial supplies or our own manufacturing facility;
- changes or inconsistencies in the requested or required methodologies, statistical analyses, specification criteria or regulatory submission requirements for a product candidate, including changes to, or inconsistencies with, applicable industry practice or precedent; or
- changes in the: (i) approval policies or regulations that render our preclinical and clinical data insufficient for approval; or (ii) positions, guidance or feedback communicated by the FDA or comparable foreign regulatory authorities.

The FDA or a comparable foreign regulatory authority may require more information, including additional CMC information, preclinical or clinical data to support approval, which may delay or prevent approval and our commercialization plans, or we may decide to abandon the development program. For example, at a recent Type B meeting, we received feedback from the FDA regarding additional information and data that they wish to review prior to submission of the BLA for tab-cel® for patients with EBV+ PTLTD. We have requested and expect to be granted additional interactions with the FDA to progress towards BLA submission, but we cannot be certain of the timing or outcome of such meetings. In addition, if we were to obtain approval, regulatory authorities may approve any of our product candidates for fewer or more limited indications than we request (including failing to approve the most commercially promising indications), may grant approval contingent on the performance of costly post-marketing clinical studies, or may approve a product candidate with a label that does not include the labeling claims necessary or desirable for the successful commercialization of that product candidate. In addition, the clinical study requirements of the FDA, EMA and other regulatory agencies and the criteria these regulators use to determine the safety and efficacy of a product candidate are determined according to the type, complexity, novelty and intended use and market of the potential products. The regulatory approval process for novel product candidates, such as our novel T-cell product candidates and next-generation CAR T programs, can be more complex and consequently more expensive and take longer than for other, better known or extensively studied pharmaceutical or other product candidates. Approvals by the EMA and FDA for existing autologous CAR T therapies, such as Novartis' Kymriah® and Gilead's Yescarta®, may not be indicative of what these regulators may require for approval of our therapies. We have multiple clinical trials of our product candidates currently ongoing. If an adverse safety issue, clinical hold or other adverse finding occurs in one or more of our clinical trials, such event could adversely affect our other clinical trials of the same or related product candidates. Moreover, our product candidates may not perform successfully in clinical studies or may be associated with adverse events that distinguish them from those that have previously been approved, such as existing autologous CAR T therapies. For instance, allogeneic product candidates may result in adverse events not experienced with autologous products.

Our development and commercialization activities could be harmed or delayed by governmental or regulatory delays due to limitations on the availability of governmental and regulatory agency personnel to review regulatory filings or engage with us, caused by global health concerns, including the ongoing and evolving COVID-19 pandemic, changes to governmental regulatory requirements, policies, guidelines or priorities, reallocation, or availability of government resources, or for other reasons, which may significantly delay the FDA's, or other regulatory agency, ability to review and process any submissions we have filed or may file or cause other regulatory delays. If global health concerns continue to prevent the FDA or other regulatory authorities from conducting their regular inspections, or impact reviews or other regulatory activities, it could significantly impact the ability of the FDA or other regulatory authorities to timely review and process our regulatory submissions, which could have a material adverse effect on our business. For example, in response to the COVID-19 pandemic, on March 10, 2020, the FDA announced its intention to postpone most inspections of foreign manufacturing facilities and products inspections of domestic manufacturing facilities through April 2020. On March 18, 2020, the FDA announced its intention to temporarily postpone routine surveillance inspections of domestic manufacturing facilities and provided guidance regarding the conduct of clinical trials. On July 10, 2020, the FDA announced that it is working toward the goal of restarting on-site inspections it deems to be "mission critical." In May 2021, the FDA updated its guidance, first published in August 2020, clarifying how it intends to conduct inspections during the COVID-19 pandemic, including how it plans to determine which inspections are "mission critical." The FDA intends to use this risk-based assessment system to identify the categories of regulatory activity that can occur within a given geographic area, ranging from mission critical inspections to resumption of all regulatory activities. Regulatory authorities outside the United States may adopt similar restrictions or other policy

measures in response to the COVID-19 pandemic. It is unclear how FDA's and other health agencies' policies and guidance will impact any inspections of our facilities, including our clinical trial sites.

Even if a product candidate were to successfully obtain approval from the FDA and comparable foreign regulatory authorities, any approval might contain significant limitations related to use restrictions for specified age groups, warnings, precautions or contraindications, or may be subject to burdensome post-approval study or risk management requirements. If we are unable to obtain regulatory approval for one of our product candidates in one or more jurisdictions, or any approval contains significant limitations, we may not be able to obtain sufficient funding to continue the development of that product or generate revenues attributable to that product candidate. Also, any regulatory approval of our current or future product candidates, once obtained, may be withdrawn.

***Our T-cell immunotherapy product candidates and our next-generation CAR T programs represent new therapeutic approaches that could result in heightened regulatory scrutiny, delays in clinical development or delays in or our inability to achieve regulatory approval, commercialization or payor coverage of our product candidates.***

Our future success is dependent on the successful development of T-cell immunotherapies and our next-generation CAR T programs in general and our development product candidates in particular. Because these programs, particularly our pipeline of allogeneic T-cell product candidates that are bioengineered from donors, represent a new approach to immunotherapy for the treatment of cancer and other diseases, developing and commercializing our product candidates subject us to a number of challenges, including:

- obtaining regulatory approval from the FDA and other regulatory authorities, which have limited experience with regulating the development and commercialization of T-cell immunotherapies, particularly allogeneic T-cell product candidates;
- developing and deploying consistent and reliable processes for procuring blood from consenting third-party donors, isolating T cells from the blood of such donors, activating the isolated T cells against a specific antigen, characterizing and storing the resulting activated T cells for future therapeutic use, selecting and delivering a sufficient supply and breadth of appropriate partially HLA-matched cell line from among the available T-cell lines, and finally infusing these activated T cells into patients;
- utilizing these product candidates in combination with other therapies (e.g., immunomodulatory approaches such as checkpoint inhibitors), which may increase the risk of adverse side effects;
- educating medical personnel regarding the potential side effect profile of each of our product candidates, particularly those that may be unique to our allogeneic T-cell product candidates and to our next-generation CAR T programs;
- understanding and addressing variability in the quality of a donor's T cells, which could ultimately affect our ability to manufacture product in a reliable and consistent manner;
- developing processes for the safe administration of these products, including long-term follow-up and registries, for all patients who receive these product candidates;
- establishing or making arrangements with third-party manufacturers to manufacture, or manufacturing on our own, product candidates to our specifications and in a timely manner to support our clinical studies and, if approved, commercialization;
- sourcing clinical and, if approved by applicable regulatory authorities, commercial supplies for the materials used to manufacture and process these product candidates that are free from viruses and other pathogens that may increase the risk of adverse side effects;
- developing a manufacturing process and distribution network that can provide a stable supply with a cost of goods that allows for an attractive return on investment;
- establishing sales and marketing capabilities ahead of and after obtaining any regulatory approval to gain market acceptance, and obtaining adequate coverage, reimbursement and pricing by third-party payors and government authorities; and
- developing therapies for types of diseases beyond those initially addressed by our current product candidates.

We cannot be sure that the manufacturing processes used in connection with our T-cell immunotherapy product candidates will yield a sufficient supply of satisfactory products that are safe, pure, potent, comparable to those T cells produced by our partners historically, scalable or profitable.

Moreover, actual or perceived safety issues, including adoption of new therapeutics or novel approaches to treatment, may adversely influence the willingness of subjects to participate in clinical studies, or, if one of our product candidates is approved by applicable regulatory authorities, of physicians to subscribe to the novel treatment mechanics or of patients to provide consent to

receive a novel treatment despite its regulatory approval. The FDA or other applicable regulatory authorities may require specific post-market studies or additional information that communicates the benefits or risks of our products. New data may reveal new risks of our product candidates at any time prior to or after regulatory approval.

Physicians, hospitals and third-party payors often are slow to adopt new products, technologies and treatment practices that require additional upfront costs and training. Physicians may not be willing to undergo training to adopt this novel therapy, may decide the therapy is too complex to adopt without appropriate training or not cost-efficient, and may choose not to administer the therapy. Based on these and other factors, hospitals and payors may decide that the benefits of this new therapy do not or will not outweigh its costs.

***The results of preclinical studies or earlier clinical studies are not necessarily predictive of future results. Our existing product candidates in clinical studies, and any other product candidate we advance into clinical studies, may not have favorable results in later clinical studies or receive regulatory approval.***

Success in preclinical studies and early clinical studies does not ensure that later clinical studies will generate adequate data to demonstrate the efficacy and safety of an investigational drug. Likewise, a number of companies in the pharmaceutical and biotechnology industries, including those with greater resources and experience than us, have suffered significant setbacks in clinical studies, even after seeing promising results in earlier preclinical studies or clinical studies. Despite the results reported in earlier preclinical studies or clinical studies for our product candidates, there can be significant variability in safety and efficacy results between different clinical trials of the same product candidate due to numerous factors, we do not know whether the clinical studies we may conduct, or clinical studies in progress, will demonstrate adequate efficacy and safety to result in regulatory approval to market tab-cel<sup>®</sup>, ATA188, any product candidates resulting from our next-generation CAR T programs or any of our other product candidates in any particular jurisdiction.

Tab-cel<sup>®</sup> has been predominantly evaluated in single-center studies under investigator-sponsored investigational new drug (INDs) held by MSK and in our EAP, utilizing different response criteria and endpoints from those we may utilize in later clinical studies. The findings may not be reproducible in late phase studies we conduct. For instance, the current protocol for our ALLELE study is designed to rule out a 20% ORR as the null hypothesis. This means that if the lower bound of the 95% confidence interval on ORR among patients receiving at least one dose of tab-cel<sup>®</sup> exceeds 20% at the end of the study, then the study would be expected to meet the primary endpoint for the treatment of PTLD. For example, assuming enrollment of 33 patients in a cohort of ALLELE, an observed ORR above approximately 37% would be expected to meet the primary endpoint for that cohort. In addition, our amended ALLELE study protocol includes an interim analysis as well as a final study analysis. Depending on discussions with regulators, we may, for example, file a marketing application on the basis of interim data from a subset of the required patients or file a marketing application on the basis of the final data. A marketing application based on interim data would impact the required ORR, may impact the approved indication, and may also result in post-marketing requirements that must be fulfilled. Similarly, if conditional marketing authorization is granted from the European Commission, we may be subject to ongoing obligations, including the need to provide additional clinical data at a later stage to confirm a positive benefit/risk balance.

For regulatory approvals of tab-cel<sup>®</sup>, we plan on using independent radiologist and/or oncologist assessment of responses which may not correlate with the investigator-reported assessments. In addition, the Phase 2 clinical studies with tab-cel<sup>®</sup> enrolled a heterogeneous group of patients with a variety of EBV-driven malignancies, including EBV+ PTLD after HCT and EBV+ PTLD after SOT. These Phase 2 studies were not prospectively designed to evaluate the efficacy of tab-cel<sup>®</sup> in the treatment of a single disease state for which we may later seek approval.

Moreover, final study results may not be consistent with interim study results. Efficacy data from prospectively designed studies may differ significantly from those obtained from retrospective subgroup analyses. In addition, clinical data obtained from a clinical study with an allogeneic product candidate may not yield the same or better results as compared to an autologous product candidate. If later-stage clinical studies do not produce favorable results, our ability to achieve regulatory approval for any of our product candidates may be adversely impacted. Even if we believe that we have adequate data to support an application for regulatory approval to market any of our product candidates, the FDA or other regulatory authorities may not agree and may require that we conduct additional clinical studies.

***Interim “top line” and preliminary data from clinical studies that we or our partners may announce or share with regulatory authorities 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 or our partners may announce or share with regulatory authorities interim “top line” or preliminary data from clinical studies. Interim data from completed clinical studies 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. Preliminary or “top line” data also remain subject to audit and verification procedures that may result in the final data being materially different from the preliminary data

previously announced. As a result, interim and preliminary data should be viewed with caution until the final data are available. Adverse differences between preliminary or interim data and final data could impact the regulatory approval of, and significantly harm the prospects of any product candidate that is impacted by the applicable data.

***Clinical drug development involves a lengthy and expensive process with an uncertain outcome.***

Clinical testing is expensive and can take many years to complete, and its outcome is inherently uncertain. Failure can occur at any time during the clinical study process. Product candidates in later stages of clinical studies may fail to show the desired safety and efficacy traits despite having progressed through preclinical and clinical studies.

We may experience delays in our ongoing or future clinical studies and we do not know whether clinical studies will begin or enroll subjects on time, will need to be redesigned or will be completed on schedule, if at all. There can be no assurance that the FDA or comparable foreign regulatory authorities will not put clinical studies of any of our product candidates on clinical hold in the future. Clinical studies may be delayed, suspended or prematurely terminated for a variety of reasons, such as:

- delays in enrollment due to travel, shelter-in-place or quarantine policies, or other factors, related to the ongoing COVID-19 pandemic or other epidemics or pandemics;
- delay or failure in reaching agreement with the FDA or a comparable foreign regulatory authority on a study design that we are able to execute;
- delay or failure in obtaining authorization to commence a study or inability to comply with conditions imposed by a regulatory authority regarding the scope or design of a study;
- delay or failure in reaching agreement on acceptable terms with prospective contract research organizations (CROs) and clinical study sites, the terms of which can be subject to extensive negotiation and may vary significantly among different CROs and study sites;
- delay or failure in obtaining institutional review board (IRB) approval or the approval of other reviewing entities, including comparable foreign regulatory authorities, to conduct a clinical study at each site;
- withdrawal of clinical study sites from our clinical studies or the ineligibility of a site to participate in our clinical studies;
- delay or failure in recruiting and enrolling eligible subjects to participate in a study;
- delay or failure in subjects completing a study or returning for post-treatment follow-up;
- clinical sites and investigators deviating from study protocol, failing to conduct the study in accordance with regulatory requirements, or dropping out of a study;
- an FDA or other regulatory authority clinical site inspection reveals serious violations of regulations applicable to clinical investigations, which may result in requests for additional data analyses and/or rejection of data deemed unreliable;
- inability to identify and maintain a sufficient number of study sites, including because potential study sites may already be engaged in competing clinical study programs enrolling the same population;
- failure of our third-party clinical study managers to satisfy their contractual duties, meet expected deadlines or return trustworthy data;
- delay or failure in adding new study sites;
- interim results or data that are ambiguous or negative or are inconsistent with earlier results or data;
- feedback from the FDA, the IRB, data safety monitoring boards or comparable foreign authorities, or results from earlier stage or concurrent preclinical and clinical studies, that might require modification to the protocol for a study;
- a decision by the FDA, the IRB, comparable foreign authorities, or us, or a recommendation by a data safety monitoring board or comparable foreign authority, to suspend or terminate clinical studies at any time for non-compliance with regulatory requirements, safety issues, including a finding that our product candidates have undesirable side effects or other unexpected characteristics, or a finding that the participants are being exposed to unacceptable health risk, or for any other reason;
- unacceptable benefit/risk profile, unforeseen safety issues or adverse side effects;
- failure to demonstrate a benefit from using a product candidate;

- difficulties in manufacturing or obtaining from third parties sufficient quantities and breadth of appropriate partially HLA matched cell lines from among the available T-cell lines to start or to use in clinical studies;
- lack of adequate funding to continue a study, including the incurrence of unforeseen costs due to enrollment delays, requirements to conduct additional studies or increased expenses associated with the services of our CROs and other third parties; or
- changes in governmental regulations or administrative actions or lack of adequate funding to continue a clinical study.

Patient enrollment, a significant factor in the timing of clinical studies, is affected by many factors including:

- the size and nature of the patient population;
- the possibility that the rare diseases that many of our product candidates address are under-diagnosed;
- changing medical practice patterns or guidelines related to the diseases or conditions we are investigating;
- the severity of the disease under investigation, our ability to open clinical study sites;
- the proximity of subjects to clinical sites;
- the patient referral practices of physicians;
- the design and eligibility criteria of the clinical study;
- ability to obtain and maintain patient consents;
- risk that enrolled subjects will drop out or die before completion;
- competition for patients from other clinical studies;
- our or our partner's ability to manufacture the requisite materials for a study;
- risk that we do not have appropriately matched HLA cell lines;
- clinicians' and patients' perceptions as to the potential advantages and risks of the drug being studied in relation to other available therapies, including any new drugs that may be approved for the diseases or conditions we are investigating; and
- disruptions caused by man-made or natural disasters or public health pandemics or epidemics, including, for example, the ongoing COVID-19 pandemic.

As an example, we activated additional clinical sites for the ALLELE study of tab-ce<sup>®</sup> over the course of 2018 and increased HLA coverage during this period. As a result, enrollment in our studies was limited in the early part of 2018 and increased through the course of the year as we increased clinical sites and HLA coverage. However, in May 2019, we announced that enrollment in our Phase 3 studies of tab-cel<sup>®</sup> for patients with EBV+ PTLD was proceeding slower than anticipated. Many of our product candidates are designed to treat rare diseases, and as a result, the pool of potential patients with respect to a given disease is small. We may not be able to initiate or continue to support clinical studies of tab-cel<sup>®</sup>, ATA188 or any other product candidates if we are unable to locate and enroll a sufficient number of eligible participants in these studies as required by the FDA or other regulatory authorities. We have experienced some transient delays in clinical trial site initiation and patient enrollment in certain of our clinical trials, including our Phase 3 clinical trial of tab-cel<sup>®</sup>, as a result of the evolving impact of the ongoing COVID-19 pandemic, and if the COVID-19 pandemic continues and persists for an extended period of time, we could experience significant disruptions to our clinical development timelines. Even if we are able to enroll a sufficient number of patients in our clinical studies, if the pace of enrollment is slower than we expect, the development costs for our product candidates may increase and the completion of our studies may be delayed or our studies could become too expensive to complete.

We rely on CROs, other vendors and clinical study sites to ensure the proper and timely conduct of our clinical studies, and while we have agreements governing their committed activities, we have limited influence over their actual performance. Furthermore, these third parties may also have relationships with other entities, some of which may be our competitors. Reliance on CROs entails risks to which we would not be subject if we conducted our clinical studies ourselves, including reliance on the CRO for clinical site initiation and monitoring, the possibility that the CRO does not maintain the financial resources to meet its obligations under our agreements, the possibility of breach of these agreements by the CRO because of factors beyond our control, including a failure to properly perform their obligations under these agreements, and the possibility of termination or nonrenewal of the agreements by the CROs, based on their own business priorities, at a time that is costly or damaging to us. Our reliance on these third parties for research and development activities will reduce our control over these activities but will not relieve us of our regulatory responsibilities. For example, we will remain responsible for ensuring that each of our clinical trials is conducted in accordance with the general investigational plan, study protocols for the trial, statistical analysis plan and other study-specific documents (for example,

monitoring and blinding plans). Moreover, the FDA requires us to comply with standards, commonly referred to as Good Clinical Practice (GCP), International Council for Harmonization of Technical Requirements for Pharmaceuticals for Human Use, or ICH, guidelines, and regulations regarding the informed consent process, safety reporting requirements, data collection guidelines, and other regulations for conducting, recording and reporting the results of clinical trials to assure that data and reported results are credible and accurate and that the rights, integrity and confidentiality of trial participants are protected. The EMA, also requires us to comply with similar standards. Regulatory authorities enforce these GCP requirements through periodic inspections of trial sponsors, principal investigators and trial sites. If we or any of our CROs fail to comply with applicable GCP requirements, the clinical data generated in our clinical trials may be deemed unreliable and the FDA, EMA or comparable foreign regulatory authorities may require us to perform additional clinical trials before approving our marketing applications. We cannot assure you that upon inspection by a given regulatory authority, such regulatory authority will determine that any of our clinical trials comply with GCP and other applicable regulations. In addition, our clinical trials must be conducted with product produced under applicable current Good Manufacturing Practices (cGMP) and current Good Tissue Practices (cGTP) regulations. Our failure to comply with these regulations may require us to conduct new clinical trials, which would delay the marketing approval process. We also are required to register certain ongoing clinical trials and post the results of certain completed clinical trials on a government-sponsored database, ClinicalTrials.gov, within certain timeframes. Failure to do so can result in fines, adverse publicity and civil and criminal sanctions.

If we experience delays or quality issues in the conduct, completion or termination of any clinical study of our product candidates, the approval and commercial prospects of such product candidate will be harmed, and our ability to generate product revenues from such product candidate will be delayed. In addition, any delays in completing our clinical studies will increase our costs, slow down our product candidate development and approval process and jeopardize our ability to commence product sales and generate revenues. Any delays in completing our clinical studies for our product candidates may also decrease the period of commercial exclusivity. In addition, many of the factors that could cause a delay in the commencement or completion of clinical studies may also ultimately lead to the denial of regulatory approval of our product candidates.

***Our product candidates, the methods used to deliver them or their dosage levels may cause undesirable side effects or have other properties that could delay or prevent their regulatory approval, limit the commercial profile of an approved label or result in significant negative consequences following any regulatory approval.***

Undesirable side effects caused by our product candidates, their delivery methods or dosage levels could cause us or regulatory authorities to interrupt, delay or halt clinical studies and could result in a more restrictive label or the delay or denial of regulatory approval by the FDA or other comparable foreign regulatory authority. As a result of safety or toxicity issues that we or our partners may experience in our clinical studies, we or our partners may not receive approval to market any product candidates, which could prevent us from ever generating product or royalty revenues or achieving profitability. Results of our studies could reveal an unacceptably high severity and incidence of side effects, or risks that outweigh the benefits of our product candidates. In such an event, our studies could be suspended or terminated, and the FDA or comparable foreign regulatory authorities could order us to cease further development of or deny approval of our product candidates for any or all targeted indications. The drug-related side effects could affect patient recruitment or the ability of enrolled subjects to complete the study or result in potential product liability claims.

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

- we may be forced to suspend marketing of that product;
- regulatory authorities, IRBs, or other clinical trial oversight bodies may place a hold on any ongoing clinical trials;
- regulatory authorities may withdraw or change their approvals of that product;
- regulatory authorities may require additional warnings on the label or limit access of that product to selective specialized centers with additional safety reporting and with requirements that patients be geographically close to these centers for all or part of their treatment;
- we may be required to conduct post-marketing studies;

- we may be required to change the way the product is administered;
- we could be sued and held liable for harm caused to subjects or patients;
- our products may be seized, or we may be required to recall our products;
- our products may become less competitive in the marketplace; and
- our reputation may suffer.

Any of these events could diminish the usage or otherwise limit the commercial success of our product candidates and prevent us from achieving or maintaining market acceptance of the affected product candidate, if approved by applicable regulatory authorities.

***The market opportunities for our product candidates may be limited to those patients who are ineligible for or have failed prior treatments and may be small.***

The FDA often approves new cancer therapies initially only for use in patients with relapsed or refractory metastatic disease. We expect to initially seek approval of tab-cel® and our other oncology product candidates in this setting. Subsequently, for those products that prove to be sufficiently beneficial, if any, we may seek approval for earlier lines of treatment and potentially as a first line therapy, but there is no guarantee that our product candidates, even if approved, would be approved for earlier lines of therapy, and, prior to any such approvals, we will have to conduct additional clinical trials.

Our projections of both the number of people who have the diseases we are targeting, as well as the subset of people with these diseases in a position to receive second or later lines of therapy, and who have the potential to benefit from treatment with our product candidates, are based on our current beliefs and estimates. These estimates have been derived from a variety of sources, including scientific literature, surveys of clinics, patient foundations, or our own market research, and may prove to be incorrect, including if the COVID-19 pandemic and associated responses impact our ability to engage with key stakeholders within the transplant center in person. Further, new studies, product approvals or market research may change the estimated incidence or prevalence of these diseases, and the number of patients may turn out to be lower than expected. Additionally, the potentially addressable patient population for our product candidates may be limited or may not be amenable to treatment with our product candidates. For instance, we expect our lead product candidate, tab-cel®, to initially target a patient population that suffers from aggressive EBV+PTLD who have failed rituximab or rituximab plus chemotherapy. At the outset of the COVID-19 pandemic, we initially observed a temporary slow-down in stem cell and solid organ transplant volumes. These reductions were transient, but if a reduction in such volumes resumes, it could result in lower PTLT incidence and thus reduce the demand for tab-cel®. Even if we obtain significant market share for our product candidates, because the potential target populations are small, we may never achieve profitability without obtaining regulatory approval for additional indications.

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

Regulatory authorities in some jurisdictions, including the U.S., EU and the United Kingdom (U.K.), may designate drugs for relatively small patient populations as orphan drugs. Under the Orphan Drug Act, the FDA may designate a product as an orphan drug if it is a drug intended to treat a rare disease or condition, which is generally defined as a patient population of fewer than 200,000 individuals annually in the U.S. Both the FDA and the EMA have granted us orphan designation for tab-cel® for EBV+PTLD after HCT or SOT.

Generally, if a product with an orphan drug designation subsequently receives the first regulatory approval for the indication for which it has such designation, the product is entitled to a period of marketing exclusivity, which precludes the EMA or the FDA from approving another marketing application for the same biologic for the same indication for that time period. The applicable period is seven years in the U.S. and ten years in Europe. The European exclusivity period can be reduced to six years if a drug no longer meets the criteria for orphan drug designation or if the drug is sufficiently profitable so that market exclusivity is no longer justified. Orphan drug exclusivity may be lost if the FDA or EMA determines that the request for designation was materially defective or if the manufacturer is unable to assure sufficient quantity of the drug to meet the needs of patients with the rare disease or condition. In the U.S., the FDA may still approve a later marketing application blocked by an ongoing period of orphan drug exclusivity in limited circumstances such as a showing of clinical superiority to the product with orphan drug exclusivity or if the FDA finds that the holder of the orphan drug exclusivity has not shown that it can assure the availability of sufficient quantities of the orphan drug to meet the needs of patients with the disease or condition for which the biological product was designated. As a result, even if one of our product candidates receives orphan exclusivity, the FDA can still approve or license other drugs or biological products that have a different active ingredient for use in treating the same indication or disease. Further, the FDA can waive orphan exclusivity if we are unable to manufacture sufficient supply of our product.

Even if we obtain orphan drug exclusivity for a product, that exclusivity may not be maintained or effectively protect the product from competition because different drugs can be approved for the same condition. Even after an orphan drug is approved, the FDA can subsequently approve a new drug for the same condition if the FDA concludes that the later drug is clinically superior in that it is shown to be safer, more effective or makes a major contribution to patient care.

***BTD by the FDA and PRIME designation by the EMA may not lead to a faster development or regulatory review or approval process and it does not increase the likelihood that our product candidates will receive marketing approval.***

Although we have obtained BTD and PRIME designation for tab-cel<sup>®</sup> for rituximab-refractory EBV+ PTLD in the U.S. and the EU, respectively, these designations may not lead to faster development or regulatory review and do not increase our likelihood of success. A breakthrough therapy is defined as a drug or biologic that is intended, alone or in combination with one or more other drugs or biologics, to treat a serious or life-threatening disease or condition and preliminary clinical evidence indicates that the drug, or biologic in our case, may demonstrate substantial improvement over existing therapies on one or more clinically significant endpoints, such as substantial treatment effects observed early in clinical development. For product candidates that have been designated as breakthrough therapies, interaction and communication between the FDA and the sponsor of the study can help to identify the most efficient path for clinical development while minimizing the number of patients placed in ineffective control regimens. Biologics designated as breakthrough therapies by the FDA may also be eligible for other expedited review programs, such as priority review. Based on our BTD, we may pursue a rolling submission strategy for our BLA for tab-cel<sup>®</sup> for EBV+ PTLD in the U.S. While rolling review process may provide the opportunity for ongoing communications with and feedback from the FDA, it may not result in a faster timeline to marketing approval or result in approval at all. The FDA may raise issues and pose questions to us that may delay the initiation and completion of our BLA submission, acceptance of the complete BLA for filing, and approval of the BLA. We may not be able to provide a satisfactory or a timely response to FDA questions or we may not be able to timely gather the required data to prepare our BLA submissions as we plan. If we are unable to address all questions or concerns the FDA may raise or if we do not have timely access to the data required for the preparation of the BLA, we may not be able to timely initiate and complete our BLA and ultimately receive FDA approval. In addition, even if we submit our BLA under the rolling review process, the FDA may decide not to review portions of our BLA under the rolling review process until the submission is deemed to be complete.

PRIME designation supports the development and accelerated review by the EMA of new therapies to treat patients with unmet medical need.

Designation as a breakthrough therapy is within the discretion of the FDA, and access to PRIME is at the discretion of the EMA. Receipt of a BTD or PRIME designation for a product candidate may not result in a faster development process, review or approval compared to drugs considered for approval under non-expedited FDA or EMA review procedures, and does not assure ultimate approval by either the FDA or EMA. In addition, the FDA or EMA, respectively, may later decide that the product no longer meets the conditions for qualification and rescind the BTD or PRIME designation or decide that the time period for FDA or EMA, respectively, review or approval will not be shortened.

***Failure to obtain regulatory approval in international jurisdictions would prevent our product candidates from being marketed abroad.***

In addition to regulations in the U.S., to market and sell our products in the EU, the U.K., many Asian countries and other jurisdictions, we, or our current or future commercialization partners, must obtain separate regulatory approvals and comply with numerous and varying regulatory requirements, both from a clinical and manufacturing perspective. 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 U.S. generally includes all of the risks associated with obtaining FDA approval and may include additional risks. Clinical studies accepted in one country may not be accepted by regulatory authorities in other countries. In addition, many countries outside the U.S. require that a product be approved for reimbursement before it can be approved for sale in that country. A product candidate that has been approved for sale in a particular country may not receive reimbursement approval in that country. We may not be able to obtain approvals from regulatory authorities or payor authorities outside the U.S. on a timely basis, if at all. Approval by and regulatory agency or payor does not ensure approval by any other regulatory or payor authorities in other countries or jurisdictions. We may not be able to file for regulatory approvals and may not receive necessary approvals to commercialize our products in any market. If we are unable to obtain approval of any of our product candidates by regulatory or payor authorities in the US, EU, the U.K., Asia or elsewhere, the commercial prospects of that product candidate may be significantly diminished.

***Even if our product candidates receive regulatory approval, they may still face future development and regulatory difficulties.***

Even if we, or our partners obtain regulatory approval for a product candidate, it would be subject to ongoing requirements by the FDA and comparable foreign regulatory authorities governing the manufacture, quality control, further development, labeling, packaging, storage, distribution, adverse event reporting, safety surveillance, import, export, advertising, promotion, recordkeeping and reporting of safety and other post-marketing information. These requirements include submissions of safety and other post-marketing information and reports, registration, as well as continued compliance by us and/or our CMOs and CROs for any post-

approval clinical studies that we conduct. They also include any post-approval requirements or commitments imposed by FDA as a condition of approval, or any risk evaluation or mitigation strategies (REMS), if applicable. The safety profile of any product will continue to be closely monitored by the FDA and comparable foreign regulatory authorities after approval. If the FDA or comparable foreign regulatory authorities become aware of new safety information after approval of any of our product candidates, they may require labeling changes or establishment of a risk evaluation and mitigation strategy, impose significant restrictions on a product's indicated uses or marketing or impose ongoing requirements for potentially costly post-approval studies or post-market surveillance.

In addition, manufacturers of drug products and their facilities are subject to initial and continual review and periodic inspections by the FDA and other regulatory authorities for compliance with current good manufacturing practices (cGMP), current Good Clinical Practices (GCP), current good tissue practices (cGTP) and other regulations. If we or a regulatory agency discover previously unknown problems with a product, such as adverse events of unanticipated severity or frequency, or problems with the facility where the product is manufactured, a regulatory agency may impose restrictions on that product, the manufacturing facility or us, including requiring recall or withdrawal of the product from the market or suspension of manufacturing. If we, our product candidates, or the manufacturing facilities for our product candidates fail to comply with applicable regulatory requirements, a regulatory agency may:

- issue warning letters or untitled letters;
- mandate modifications to promotional materials or require us to provide corrective information to healthcare practitioners;
- require us or our partners to enter into a consent decree, which can include imposition of various fines, reimbursements for inspection costs, required due dates for specific actions and penalties for noncompliance;
- seek an injunction or impose civil or criminal penalties or monetary fines;
- suspend, withdraw or modify regulatory approval;
- suspend or modify any ongoing clinical studies;
- refuse to approve pending applications or supplements to applications filed by us;
- suspend or impose restrictions on operations, including costly new manufacturing requirements; or
- seize or detain products, refuse to permit the import or export of products, or require us to initiate a product recall.

The occurrence of any event or penalty described above may also generate negative publicity or inhibit our ability to successfully commercialize our products.

Advertising and promotion of any product candidate that obtains approval in the U.S. will be heavily scrutinized by the FDA, the Department of Justice (DOJ), the Office of Inspector General of the Department of Health and Human Services (HHS), state attorneys general, members of the U.S. Congress and the public. Additionally, advertising and promotion of any product candidate that obtains approval outside of the U.S. will be heavily scrutinized by comparable foreign entities and stakeholders. For example, a company may not promote "off-label" uses for its drug products. An off-label use is the use of a product for an indication that is not described in the product's FDA-approved label in the U.S. or for uses in other jurisdictions that differ from those approved by the applicable regulatory agencies. Physicians, on the other hand, may prescribe products for off-label uses. Although the FDA and other regulatory agencies do not regulate a physician's choice of drug treatment made in the physician's independent medical judgment, they do restrict promotional communications from companies or their sales force with respect to off-label uses of products for which marketing clearance has not been issued. However, companies may share truthful and not misleading information that is otherwise consistent with a product's FDA approved labeling. Violations, including actual or alleged promotion of our products for unapproved or off-label uses, are subject to enforcement letters, inquiries and investigations, and civil and criminal sanctions by the FDA or comparable foreign bodies. Any actual or alleged failure to comply with labeling and promotion requirements may result in fines, warning letters, mandates to corrective information to healthcare practitioners, injunctions, or civil or criminal penalties.

***Regulations, guidelines and recommendations published by various government agencies and organizations may affect the use of our product candidates.***

Changes to regulations, recommendations or other guidelines advocating alternative therapies for the indications we treat could result in decreased use of our products. For example, although treatment with EBV-specific T cells is recognized as a recommended treatment for persistent or progressive EBV+ PTLD as set forth in the 2017 National Comprehensive Cancer Network Guidelines, future guidelines from governmental agencies, professional societies, practice management groups, private health/science foundations and other organizations could lead to decreased ability of developing our product candidates, or decreased use of our products once approved by applicable regulatory authorities.

***We may not successfully identify, acquire, develop or commercialize new potential product candidates.***

Part of our business strategy is to expand our product candidate pipeline by identifying and validating new product candidates, which we may develop ourselves, in-license or otherwise acquire from others. In addition, in the event that our existing product

candidates do not receive regulatory approval or are not successfully commercialized, then the success of our business will depend on our ability to expand our product pipeline through internal development, in-licensing or other acquisitions. We may be unable to identify relevant product candidates. If we do identify such product candidates, we may be unable to reach acceptable terms with any third party from which we desire to in-license or acquire them. Any product candidates we identify, acquire, in-license, or develop may not be safe or effective for their targeted diseases, and may not receive marketing authorization in a timely manner, or at all.

## **Risks Related to Manufacturing**

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

Concurrently with the in-license of our existing product candidates, we acquired manufacturing process know-how and, in some cases, inventory of process intermediates and clinical materials from our partners. Transferring manufacturing processes, testing and associated know-how is complex and involves review and incorporation of both documented and undocumented processes that may have evolved over time. In addition, transferring production to different facilities may require utilization of new or different processes to meet the specific requirements of a given facility. Each stage is retroactively and concurrently verified to be compliant with appropriate regulations. As a result, there is a risk that all relevant know-how was not adequately transferred to us from our partners or that previous execution was not compliant with applicable regulations.

In addition, we need to conduct significant development and scale-up work to transfer these processes and manufacture each of our product candidates for various studies, clinical studies and commercial launch readiness. To the extent we elect to transfer manufacturing within our network or to third-party CMOs, we are required to demonstrate that the product manufactured in the new or “receiving” facility is comparable to the product manufactured in the original or “sending” facility. The inability to demonstrate to each of the applicable regulatory authorities that comparable drug product was manufactured could delay the development of our product candidates.

The processes by which our product candidates are manufactured were initially developed by our partners for clinical purposes. We intend to evolve the existing processes with our partners to support advanced clinical studies and commercialization requirements. Developing commercially viable manufacturing processes is a difficult and uncertain task, and there are risks associated with scaling to the level required for advanced clinical studies or commercialization, including cost overruns, potential problems with process scale-up, process reproducibility, stability issues, consistency and timely availability of reagents or raw materials. The manufacturing facilities in which our product candidates will be made could be adversely affected by the ongoing COVID-19 pandemic, earthquakes and other natural or man-made disasters, equipment failures, labor shortages, power failures, and numerous other factors. In addition, there have been, and there may continue to be, interruptions in the supply of leukapheresis collections related to the COVID-19 pandemic, which supply raw materials used in our product candidates. If we are unable to obtain such raw materials or other necessary raw materials in a timely manner, our business operations and manufacturing capabilities could be adversely affected.

The process of manufacturing cellular therapies is susceptible to product loss due to contamination, equipment failure or improper installation or operation of equipment, or vendor or operator error. Even minor deviations from normal manufacturing and distribution processes for any of our product candidates could result in reduced production yields, impact to key product quality attributes, and other supply disruptions. Product defects can also occur unexpectedly. If microbial, viral or other contaminations are discovered in our product candidates or in the manufacturing facilities in which our product candidates are made, these manufacturing facilities may need to be closed for an extended period of time to allow us to investigate and remedy the contamination. Because our T-cell immunotherapy product candidates are manufactured from the blood of third-party donors, the process of manufacturing is susceptible to the availability of the third-party donor material. The process of developing products that can be commercialized may be particularly challenging, even if they otherwise prove to be safe and effective. The manufacture of these product candidates involves complex processes. Some of these processes require specialized equipment and highly skilled and trained personnel. The process of manufacturing these product candidates will be susceptible to additional risks, given the need to maintain aseptic conditions throughout the manufacturing process. Contamination with viruses or other pathogens in either the donor material or materials utilized in the manufacturing process or ingress of microbiological material at any point in the process may result in contaminated or unusable product. This type of contaminations could result in delays in the manufacture of products which could result in delays in the development of our product candidates. These contaminations could also increase the risk of adverse side effects. Furthermore, our allogeneic products ultimately consist of many individual cell lines, each with a different HLA profile. As a result, the selection and distribution of the appropriate cell line for therapeutic use in a patient requires close coordination between clinical operations, supply chain and quality assurance personnel.

Any adverse developments affecting manufacturing operations for our product candidates may result in lot failures, inventory shortages, shipment delays, product withdrawals or recalls or other interruptions in the supply of our drug product which could delay the development of our product candidates. We may also have to write off inventory, incur other charges and expenses for supply of drug product that fails to meet specifications, undertake costly remediation efforts, or seek more costly manufacturing alternatives. Inability to meet the demand for our product candidates could damage our reputation and the reputation of our products among

physicians, healthcare payors, patients or the medical community that supports our product development efforts, including hospitals and outpatient clinics.

***Delays in receiving regulatory approvals for product candidates produced in our manufacturing facility or at our CMOs facilities could delay our development plans and thereby limit our ability to generate revenues.***

The research and development and process and analytical development labs within our manufacturing facility in Thousand Oaks, California are currently supporting preclinical development activities. The facility commissioning and qualification activities required to support production at our facility were completed in 2018. Product-specific qualification to support clinical development is complete and commercial production qualification activities are ongoing. If the appropriate regulatory approvals for manufacturing product candidates in our facility or at our CMOs' facilities are delayed, we may not be able to manufacture sufficient quantities of our product candidates, which would limit our development activities and our opportunities for growth.

In addition to the similar manufacturing risks described in "Risks Related to Our Dependence on Third Parties," our manufacturing facility, and our CMOs facilities, will be subject to ongoing, periodic inspection by the FDA, EMA or other comparable regulatory agencies to ensure compliance with cGMP and GTP. Our failure to follow and document our adherence to these regulations or other regulatory requirements may lead to significant delays in the availability of products for clinical or, in the future, commercial use, may result in the termination of or a hold on a clinical study, or may delay or prevent filing or approval of commercial marketing applications for our product candidates. We also may encounter problems with the following:

- achieving adequate or clinical-grade materials that meet regulatory agency standards or specifications with consistent and acceptable production yield and costs;
- shortages of qualified personnel, raw materials or key contractors; and
- ongoing compliance with cGMP regulations and other requirements of the FDA, EMA or other comparable regulatory agencies.

Failure to comply with applicable regulations could also result in sanctions being imposed on us, including fines, injunctions, civil penalties, a requirement to suspend or put on hold one or more of our clinical studies, failure of regulatory authorities to grant marketing approval of our product candidates, delays, suspension or withdrawal of approvals, license revocation, seizures or recalls of product candidates, operating restrictions and criminal prosecutions, any of which could harm our business.

Developing advanced manufacturing techniques and process controls is required to fully utilize our facility. Without further investment, advances in manufacturing techniques may render our facility and equipment inadequate or obsolete.

A number of the product candidates in our portfolio, if approved by applicable regulatory authorities, may require significant commercial supply to meet market demand. In these cases, we may need to increase, or "scale up," the production process by a significant factor over the initial level of production. If we are unable to do so, are delayed, or if the cost of this scale up is not economically feasible for us or we cannot find a third-party supplier, we may not be able to produce our product candidates in a sufficient quantity to meet future demand.

***If our sole clinical or commercial manufacturing facility or our CMO is damaged or destroyed or production at these facilities is otherwise interrupted, our business would be negatively affected.***

If any manufacturing facility in our manufacturing network or our CMOs' facilities or the equipment in any such facilities, is either damaged or destroyed, we may not be able to quickly or inexpensively replace our manufacturing capacity or replace it at all. In the event of a temporary or protracted loss of a facility or its equipment, we may not be able to transfer manufacturing to a third party in the time required to maintain supply. Even if we could transfer manufacturing to a third party, the shift would likely be expensive and time-consuming, particularly since the new facility would need to comply with the necessary regulatory requirements or may require regulatory approval before selling any products manufactured at that facility. Such an event could delay our clinical studies or reduce our commercial product sales.

Currently, we maintain insurance coverage against damage to our property and to cover business interruption and research and development restoration expenses. However, our insurance coverage may not reimburse us, or may not be sufficient to reimburse us,

for any expenses or losses we may suffer. We may be unable to meet our requirements for our product candidates if there were a catastrophic event or failure of our current manufacturing facility or processes.

### **Risks Related to Our Dependence on Third Parties**

***Maintaining clinical and commercial timelines is dependent on our end-to-end supply chain network to support manufacturing; if we experience problems with our third party suppliers or CMOs we may delay development and/or commercialization of our product candidates.***

We rely in part on our CMOs or our partners for the current production of our product candidates and the acquisition of materials incorporated in or used in the manufacturing or testing of our product candidates. Our CMOs or partners are not our employees, and except for remedies available to us under our agreements with our CMOs or partners, we cannot directly control whether or not they devote sufficient time and resources, including experienced staff, to the manufacturing of supply for our ongoing clinical, nonclinical and preclinical programs. Our CMOs for tab-cel<sup>®</sup> will need to be prepared to undergo pre-approval inspection in connection with our anticipated submissions of our BLA and MAA, and we cannot be certain that we will successfully pass any such inspection.

To meet our projected supply needs for clinical and commercial materials to support our activities through regulatory approval and commercial manufacturing of tab-cel<sup>®</sup>, ATA188, any product candidates resulting from our next-generation CAR T programs or any other product candidates, we will need to transition the manufacturing of these materials to a CMO or our own facility. Regardless of where production occurs, we will need to develop relationships with suppliers of critical starting materials or reagents, increase the scale of production and demonstrate comparability of the material produced at these facilities to the material that was previously produced. Transferring manufacturing processes and know-how is complex and involves review and incorporation of both documented and undocumented processes that may have evolved over time.

In addition, transferring production to different facilities may require utilization of new or different processes to meet the specific requirements of a given facility. We would expect additional comparability work will also need to be conducted to support the transfer of certain manufacturing processes and process improvements. We cannot be certain that all relevant know-how and data has been adequately incorporated into the manufacturing process until the completion of studies (and the related evaluations) intended to demonstrate the comparability of material previously produced with that generated by us or our CMO.

If we are not able to successfully transfer and produce comparable product candidates, our ability to further develop and manufacture our product candidates may be negatively impacted.

While our manufacturing facility in Thousand Oaks, California provides us with flexibility within our manufacturing network, we still may need to identify additional CMOs for continued production of supply for some of our product candidates. Given the nature of our manufacturing processes, the number of CMOs who possess the requisite skill and capability to manufacture our T-cell immunotherapy product candidates is limited. We have not yet identified alternate suppliers in the event the current CMOs that we utilize are unable to scale production, or if we otherwise experience any problems with them.

Manufacturing cellular therapies is complicated and tightly regulated by the FDA and comparable regulatory authorities around the world, and although alternative third-party suppliers with the necessary manufacturing and regulatory expertise and facilities exist, it could be expensive and take a significant amount of time to arrange for alternative suppliers, transfer manufacturing procedures to these alternative suppliers, and demonstrate comparability of material produced by such new suppliers. New manufacturers of any product candidate or intermediate would be required to qualify under applicable regulatory requirements. These manufacturers may not be able to manufacture our product candidates at costs, or in sufficient quantities, or in a timely manner necessary to complete development of our product candidates or make commercially successful products. If we are unable to arrange for alternative third-party manufacturing sources, or to do so on commercially reasonable terms or in a timely manner, we may not be able to complete development of our product candidates, or market or distribute them. In addition, should the FDA or comparable regulatory authorities not agree with our product candidate specifications and comparability methodologies or assessments for these materials, regulatory authorities may require that we conduct additional studies, including bridging comparability testing, and further clinical development of our product candidates could be substantially delayed.

Reliance on third-party manufacturers entails risks to which we would not be subject if we manufactured product candidates ourselves, including reliance on the third party for regulatory compliance and quality assurance, the possibility that the third-party manufacturer does not maintain the financial resources to meet its obligations under the manufacturing agreement, the possibility of breach of the manufacturing agreement by the third party because of factors beyond our control, including a failure to manufacture our product candidates or any products we may eventually commercialize in accordance with our specifications, misappropriation of our proprietary information, including our trade secrets and know-how, the possibility that the third-party does not devote sufficient time

or resources to our product candidates or any products we may eventually commercialize based on its own business priorities, the possibility that the third-party is acquired by another party and changes its business priorities, and the possibility of termination or nonrenewal of the agreement by the third party, based on its own business priorities, at a time that is costly or damaging to us. In addition, the FDA and other regulatory authorities require that our product candidates and any products that we may eventually commercialize be manufactured according to cGMP, cGTP and similar regulatory jurisdictional standards. These requirements include, among other things, quality control, quality assurance and the maintenance of records and documentation. The FDA or similar foreign regulatory agencies may also implement new standards at any time or change their interpretations and enforcement of existing standards for manufacture, packaging or testing of products. We have limited control over our manufacturers' compliance with these regulations and standards and although we monitor our manufacturers, we depend on them to provide honest and accurate information. Any failure by our third-party manufacturers to comply with cGMP or cGTP or failure to scale up manufacturing processes, including any failure to deliver sufficient quantities of product candidates in a timely manner, could lead to a delay in, or failure to obtain, regulatory approval of any of our product candidates. In addition, such failure could be the basis for the FDA to issue a warning letter, withdraw approvals for product candidates previously granted to us, or take other regulatory or legal action, including recall or seizure of outside supplies of the product candidate, total or partial suspension of production, suspension of ongoing clinical studies, refusal to approve pending applications or supplemental applications, detention or product, refusal to permit the import or export of products, injunction or imposing civil and criminal penalties.

We depend on third party suppliers for key materials used to produce our product candidates. Any significant disruption in our supplier relationships could harm our business. Any significant delay in the supply of a product candidate for an ongoing clinical study could considerably delay initiation or completion of our clinical studies, product testing and potential regulatory approval of our product candidates. If raw materials or components cannot be purchased or fail to meet approved specifications, the commercial launch of our product candidates could be delayed, or there could be a shortage in supply, which could impair our ability to generate revenues from the sale of our product candidates.

***Bayer is generally responsible for the conduct and funding of the development and commercialization of ATA2271 and ATA3271***

Pursuant to the Bayer License Agreement, Bayer holds an exclusive, field-limited license to ATA2271 and ATA3271. As a result, other than the development of ATA2271 through Phase 1, Bayer is generally responsible for the development and obtaining and maintaining regulatory approval and commercialization of ATA2271 and ATA3271.

Although we have joint governance and certain decision making rights, we do not control the development activities being conducted or that may be conducted in the future by Bayer, including, but not limited to, the timing of initiation, termination or completion of clinical trials, the analysis of data arising out of those clinical trials or the timing of release of data concerning those clinical trials, which may impact our ability to report on Bayer's results. Bayer may conduct these activities more slowly or in a different manner than we would if we controlled the development of ATA2271 after Phase 1 and ATA3271. Bayer is responsible for submitting future applications to the FDA and other regulatory authorities for approval of ATA2271 and ATA3271 and will be the owner of marketing approvals issued by the FDA and other regulatory authorities for ATA2271 and ATA3271, if approved. If the FDA or other regulatory authorities approve ATA2271 and/or ATA3271, Bayer will also be responsible for the marketing and sale of the resulting product. However, we cannot control whether Bayer will devote sufficient attention and resources to the development of ATA2271 and/or ATA3271 or will proceed in an expeditious manner. Even if the FDA or other regulatory agencies approve ATA2271 and/or ATA3271, Bayer may elect not to proceed with the commercialization of the resulting product in one or more countries, unless otherwise specified in the Bayer License Agreement.

In March 2021, we entered into the Bayer Manufacturing Agreement for the supply of allogeneic mesothelin-directed CAR T-cell therapies for clinical trials. Delays to the activities contemplated by the Bayer Manufacturing Agreement may result in a delay in the ATA2271 and/or ATA3271 programs and would delay and could prevent us from obtaining revenues for this product candidate.

Disputes may arise between us and Bayer, which may delay or cause the termination of any clinical trials of ATA2271 and/or ATA3271, result in significant litigation or cause Bayer to act in a manner that is not in our best interest. The costs associated with the continuing development of ATA2271 and/or ATA3271 may cause Bayer to reconsider the terms of its investment and seek to amend or terminate our agreement or to suspend the development of ATA2271 and/or ATA3271. If development of ATA2271 and/or ATA3271 does not progress for these or any other reasons, we would not receive milestone payments or royalties on product sales from Bayer with respect to ATA2271 and/or ATA3271. If the results of one or more clinical trials with ATA2271 and/or ATA3271 do not meet Bayer's expectations at any time, Bayer may elect to terminate further development of ATA2271 and/or ATA3271 or certain of the potential clinical trials for ATA2271 and/or ATA3271, even if the actual number of patients treated at that time is relatively small. In addition, Bayer generally has discretion to elect whether to pursue or abandon the development of ATA2271 and/or ATA3271 and may terminate our strategic alliance in whole or on a product-by-product basis for any reason upon 120 days prior notice. If Bayer abandons ATA2271 and/or ATA3271, it would result in a delay in or could prevent us from commercializing ATA2271 and/or ATA3271 and would delay and could prevent us from obtaining revenues for this product candidate.

If Bayer abandons development of ATA2271 and/or ATA3271 prior to regulatory approval or if it elects not to proceed with commercialization of the resulting product following regulatory approval, we would have to seek a new partner for development or commercialization, curtail or abandon that development or commercialization, or undertake and fund the development of ATA2271 and/or ATA3271 or commercialization of the resulting product ourselves. If we seek a new partner but are unable to do so on acceptable terms, or at all, or do not have sufficient funds to conduct the development or commercialization of ATA2271 and/or ATA3271 ourselves, we would have to curtail or abandon that development or commercialization, which could harm our business.

***We are dependent on Pierre Fabre for the potential commercialization of tab-cel in the European Union and several countries outside the United States. The failure of Pierre Fabre to meet its contractual, regulatory or other obligations could adversely affect our business.***

We have entered into the Pierre Fabre Commercialization Agreement for tab-cel in Europe and select emerging markets in the Territory for EBV-positive cancers. As a result, we are entirely dependent on Pierre Fabre for marketing and commercialization of tab-cel, if approved, in the Territory. The timing and amount of any milestone and royalty payments we may receive under these agreements, as well as the commercial success of tab-cel in the Territory, will depend on, among other things, the efforts, allocation of resources and successful commercialization of tab-cel by Pierre Fabre.

We are in the process of negotiating various ancillary agreements as contemplated by the Pierre Fabre Commercialization Agreement, including an agreement for the manufacture and supply of tab-cel to Pierre Fabre for commercialization in the Territory. Delays to the negotiation and execution of the ancillary agreements, or the activities contemplated by the ancillary agreements may result in a delay to the commercialization of tab-cel in the Territory and would delay and could prevent us from obtaining revenues for tab-cel in the Territory.

Under the terms of the Pierre Fabre Commercialization Agreement, if we receive the EU marketing authorization for tab-cel in patients with EBV+ PTLTD, we are required to transfer the marketing authorization to Pierre Fabre. Pierre Fabre will be responsible for obtaining all other regulatory approvals in the Territory and maintaining all regulatory approvals in the Territory. We will depend on Pierre Fabre to comply with numerous and varying regulatory requirements governing, if and when applicable, the manufacture, quality control, further development, labeling, packaging, storage, distribution, adverse event reporting, safety surveillance, import, export, advertising, promotion, recordkeeping and reporting of safety and other post-marketing information. We do not control the individual efforts of Pierre Fabre and have limited ability to terminate the Pierre Fabre Commercialization Agreement if Pierre Fabre does not perform as expected. The failure of Pierre Fabre to devote sufficient time and effort to comply with regulatory requirements and maintain the EU marketing authorization and other regulatory approvals in the Territory and/or to meet their obligations to us, could have an adverse impact on our financial results and operations.

We also depend on Pierre Fabre to comply with all applicable laws relative to the commercialization of tab-cel in the Territory. We do not control the individual efforts of Pierre Fabre and have limited ability to terminate the Pierre Fabre Commercialization Agreement if Pierre Fabre does not perform as expected. The failure of Pierre Fabre to devote sufficient time and effort to the commercialization of tab-cel; to meet their obligations to us, including for future royalty and milestone payments; to adequately deploy business continuity plans in the event of a crisis; and/or to satisfactorily resolve significant disagreements with us or address other factors could have an adverse impact on our financial results and operations. In addition, if Pierre Fabre violates, or are alleged to have violated, any laws or regulations during the performance of their obligations for us, it is possible that we could suffer financial and reputational harm or other negative outcomes, including possible legal consequences.

Any termination, breach or expiration of the Pierre Fabre Commercialization Agreement could have a material adverse effect on our financial position by reducing or eliminating the potential for us to receive fees, milestones and royalties. In such an event, we may be required to devote additional efforts and to incur additional costs associated with the transfer of regulatory approvals and commercialization of tab-cel in the Territory. Alternatively, we may attempt to identify and transact with a new commercialization partner, but there can be no assurance that we would be able to identify a suitable partner or transact on terms that are favorable to us.

***We may not realize the benefits of strategic alliances that we may form in the future or of potential future product acquisitions or licenses.***

We may desire to form additional strategic alliances, create joint ventures or collaborations, enter into licensing arrangements with third parties or acquire products or business, in each case that we believe will complement or augment our existing business. These relationships or transactions, or those like them, may require us to incur nonrecurring and other charges, increase our near- and long-term expenditures, issue securities that dilute our existing stockholders, reduce the potential profitability of the products that are

the subject of the relationship or disrupt our management and business. In addition, we face significant competition in seeking appropriate strategic alliances and transactions and the negotiation process is time-consuming and complex and there can be no assurance that we can enter into any of these transactions even if we desire to do so. Moreover, we may not be successful in our efforts to establish a strategic alliance or other alternative arrangements for any future product candidates and programs because our research and development pipeline may be insufficient, our product candidates and programs may be deemed to be at too early a stage of development for collaborative effort and third parties may not view our product candidates and programs as having the requisite potential to demonstrate a positive benefit/risk profile. Any delays in entering into new strategic alliances agreements related to our product candidates could also delay the development and commercialization of our product candidates and reduce their competitiveness even if they reach the market.

If we license products or acquire businesses, we may not be able to realize the benefit of these transactions if we are unable to successfully integrate them with our existing operations and company culture. We cannot be certain that, following an acquisition or license, we will achieve the financial or strategic results that would justify the transaction.

### **Risks Related to Our Intellectual Property**

*If we are unable to obtain and maintain sufficient intellectual property protection for our product candidates, or if the scope of the intellectual property protection is not sufficiently broad, our ability to commercialize our product candidates successfully and to compete effectively may be adversely affected.*

We rely upon a combination of patents, trademarks, trade secrets and confidentiality agreements – both that we own or possess or that are owned or possessed by our partners that are in-licensed to us – to protect the intellectual property related to our technology and product candidates. When we refer to “our” technologies, inventions, patents, patent applications or other intellectual property rights, we are referring to both the rights that we own or possess as well as those that we in-license, many of which are critical to our intellectual property protection and our business. For example, the product candidates and platform technology we have licensed from our partners are protected primarily by patent or patent applications of our partners that we have licensed and as confidential know-how and trade secrets. If the intellectual property that we rely on is not adequately protected, competitors may be able to use our technologies and erode or negate any competitive advantage we may have.

The patentability of inventions and the validity, enforceability and scope of patents in the biotechnology field is uncertain because it involves complex legal, scientific and factual considerations, and it has in recent years been the subject of significant litigation. Moreover, the standards applied by the U.S. Patent and Trademark Office (USPTO) and non-U.S. patent offices in granting patents are not always applied uniformly or predictably. For example, there is no uniform worldwide policy regarding patentable subject matter or the scope of claims allowable in biotechnology patents.

There is no assurance that all potentially relevant prior art relating to our patents and patent applications is known to us or has been found in the instances where searching was done. We may be unaware of prior art that could be used to invalidate an issued patent or prevent a pending patent application from issuing as a patent. There also may be prior art of which we are aware, but which we do not believe affects the validity or enforceability of a claim of one of our patents or patent applications, which may, nonetheless, ultimately be found to affect the validity or enforceability of such claim. As a consequence of these and other factors, our patent applications may fail to result in issued patents with claims that cover our product candidates in the U.S. or in other countries.

Even if patents have issued or do successfully issue from patent applications, and even if these patents cover our product candidates, third parties may challenge the validity, enforceability or scope thereof, which may result in these patents being narrowed, invalidated or held to be unenforceable. No assurance can be given that if challenged, our patents would be declared by a court to be valid or enforceable.

Even if unchallenged, our patents and patent applications or other intellectual property rights may not adequately protect our intellectual property, provide exclusivity for our product candidates or prevent others from designing around our claims. The possibility exists that others will develop products on an independent basis which have the same effect as our product candidates and which do not infringe our patents or other intellectual property rights, or that others will design around the claims of patents that we have had issued that cover our product candidates. If the breadth or strength of protection provided by our patents and patent applications with respect to our product candidates is threatened, it could jeopardize our ability to commercialize our product candidates and dissuade companies from collaborating with us.

We may also desire to seek a license from a third party who owns intellectual property that may be useful for providing exclusivity for our product candidates, or for providing the ability to develop and commercialize a product candidate in an unrestricted manner. There is no guarantee that we will be able to obtain a license from such a third party on commercially reasonable terms, or at all.

In addition, the USPTO and various foreign governmental patent agencies require compliance with a number of procedural, documentary, fee payment and other similar provisions during the patent application process. While an inadvertent lapse can in many cases 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 patent rights in the relevant jurisdiction.

We and our partners have filed a number of patent applications covering our product candidates or methods of using or making those product candidates. We cannot offer any assurances about which, if any, patents will be issued with respect to these pending patent applications, the breadth of any such patents that are ultimately issued or whether any issued patents will be found invalid and unenforceable or will be threatened by third parties. Because patent applications in the U.S. and most other countries are confidential for a period of time after filing, and some remain so until issued, we cannot be certain that we or our partners were the first to file any patent application related to a product candidate. We or our partners may also become involved in proceedings regarding our patents, including patent infringement lawsuits, interference or derivation proceedings, oppositions, and *inter partes* and post-grant review proceedings before the USPTO, the European Patent Office and other non-U.S. patent offices.

Even if granted, patents have a limited lifespan. In the U.S., the natural expiration of a patent generally occurs 20 years after it is filed. Although various extensions may be available if certain conditions are met, the life of a patent and the protection it affords is limited. If we encounter delays in our clinical studies or in obtaining regulatory approvals, the period of time during which we could exclusively market any of our product candidates under patent protection, if approved, could be reduced. Even if patents covering our product candidates are obtained, once the patent life has expired for a product, we may be vulnerable to competition from biosimilar products, as we may be unable to prevent competitors from entering the market with a product that is similar or identical to our product candidates.

Furthermore, the research resulting in certain of our licensed patent rights and technology was funded by the U.S. government. As a result, the government has certain rights to these patent rights and technology. When new technologies are developed with government funding, the government generally obtains certain rights in any resulting patents, including a non-exclusive license authorizing the government to practice the invention for or on behalf of the U.S. These rights may permit the government to disclose confidential information on which we rely to third parties and to exercise march-in rights to use or allow third parties to use our licensed technology. The government can exercise its march-in rights if it determines that action is necessary because we fail 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 any inventions that result from government-funded research may be subject to certain requirements to manufacture products embodying these inventions in the U.S.

***If we are sued for infringing the intellectual property rights of third parties, the resulting litigation could be costly and time-consuming and could prevent or delay our development and commercialization efforts.***

Our commercial success depends, in part, on us and our partners not infringing the patents and proprietary rights of third parties. There is a substantial amount of litigation and other adversarial proceedings, both within and outside the U.S., involving patent and other intellectual property rights in the biotechnology and pharmaceutical industries, including patent infringement lawsuits, interference or derivation proceedings, oppositions, and *inter partes* and post-grant review proceedings before the USPTO and non-U.S. patent offices. Numerous U.S. and non-U.S. issued patents and pending patent applications owned by third parties exist in the fields in which we are developing and may develop our product candidates. As the biotechnology and pharmaceutical industries expand and more patents are issued, the risk increases that our product candidates may be subject to claims of infringement of third parties' patent rights, as it may not always be clear to industry participants, including us, which patents cover various types of products or methods of use. The coverage of patents is subject to interpretation by the courts, and the interpretation is not always uniform or predictable.

Third parties may assert infringement claims against us based on existing or future intellectual property rights, alleging that we are employing their proprietary technology without authorization. There may be third-party patents or patent applications with claims to materials, formulations, methods of manufacture or methods for treatment related to the use or manufacturing of our product candidates that we failed to identify. For example, patent applications covering our product candidates could have been filed by others without our knowledge, since these applications generally remain confidential for some period of time after their filing date. Even pending patent applications that have been published, including some of which we are aware, could be later amended in a manner that could cover our product candidates or their use or manufacture. In addition, we may have analyzed patents or patent applications of third parties that we believe are relevant to our activities and believe that we are free to operate in relation to any of our product candidates, but our competitors may obtain issued claims, including in patents we consider to be unrelated, which may block our efforts or potentially result in any of our product candidates or our activities infringing their claims.

If we or our partners are sued for patent infringement, we would need to demonstrate that our product candidates, products and methods either do not infringe the patent claims of the relevant patent or that the patent claims are invalid, and we may not be able to

do this. Proving that a patent is invalid is difficult and even if we are successful in the relevant proceedings, we may incur substantial costs and the time and attention of our management and scientific personnel could be diverted from other activities. If any issued third-party patents were held by a court of competent jurisdiction to cover aspects of our materials, formulations, methods of manufacture or methods for treatment, we could be forced, including by court order, to cease developing, manufacturing or commercializing the relevant product candidate until the relevant patent expired. Alternatively, we may desire or be required to obtain a license from such third party in order to use the infringing technology and to 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 a license, the rights may be nonexclusive, which could result in our competitors gaining access to the same intellectual property licensed to us.

We may face claims that we misappropriated the confidential information or trade secrets of a third party. If we are found to have misappropriated a third party's trade secrets, we may be prevented from further using these trade secrets, which could limit our ability to develop our product candidates.

Defending against intellectual property claims could be costly and time consuming, regardless of the outcome. Thus, even if we were to ultimately prevail, or to settle before a final judgment, any litigation could burden us with substantial unanticipated costs. In addition, litigation or threatened litigation could result in significant demands on the time and attention of our management team, distracting them from the pursuit of other company business. During the course of any intellectual property litigation, there could be public announcements of the results of hearings, rulings on motions, and other interim proceedings in the litigation and these announcements may have negative impact on the perceived value of our product candidates, programs or intellectual property. In the event of a successful intellectual property claim against us, we may have to pay substantial damages, including treble damages and attorneys' fees if we are found to have willfully infringed a patent, or to redesign our infringing product candidates, which may be impossible or require substantial time and monetary expenditure. In addition to paying monetary damages, we may lose valuable intellectual property rights or personnel and the parties making claims against us may obtain injunctive or other equitable relief, which could impose limitations on the conduct of our business. We may also elect to enter into license agreements in order to settle patent infringement claims prior to litigation, and any of these license agreements may require us to pay royalties and other fees that could be significant. As a result of all of the foregoing, any actual or threatened intellectual property claim could prevent us from developing or commercializing a product candidate or force us to cease some aspect of our business operations.

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

Filing, prosecuting, enforcing and defending patents on all of our product candidates in all countries throughout the world would be prohibitively expensive. Our intellectual property rights in certain countries outside the U.S. may be less extensive than those in the U.S. In addition, the laws of certain foreign countries do not protect intellectual property rights to the same extent as laws in the U.S. Consequently, we and our partners may not be able to prevent third parties from practicing our inventions in countries outside the U.S., or from selling or importing infringing products made using our inventions in and into the U.S. or other jurisdictions. Competitors may use our technologies in jurisdictions where we have not obtained patent protection or where we do not have exclusive rights under the relevant patents to develop their own products and, further, may export otherwise-infringing products to territories where we and our partners have patent protection but where enforcement is not as strong as that in the U.S. These infringing products may compete with our product candidates in jurisdictions where we or our partners have no issued patents or where we do not have exclusive rights under the relevant patents, or our patent claims and other intellectual property rights may not be effective or sufficient to prevent them from so competing.

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

***We have in-licensed a significant portion of our intellectual property from our partners. If we breach any of our license agreements with these partners, we could lose the ability to continue the development and potential commercialization of one or more of our product candidates.***

We hold rights under license agreements with our partners, including MSK, QIMR Berghofer and Moffitt that are important to our business. Our discovery and development platform is built, in part, around patent rights in-licensed from our partners. Under our

existing license agreements, we are subject to various obligations, including diligence obligations with respect to development and commercialization activities, payment obligations upon achievement of certain milestones and royalties on product sales. If there is any conflict, dispute, disagreement or issue of nonperformance between us and our counterparties regarding our rights or obligations under these license agreements, including any conflict, dispute or disagreement arising from our failure to satisfy diligence or payment obligations, we may be liable to pay damages and our counterparties may have a right to terminate the affected license. The termination of any license agreement with one of our partners would materially adversely affect our ability to utilize the intellectual property that is subject to that license agreement in our drug discovery and development efforts, our ability to enter into future collaboration, licensing and/or marketing agreements for one or more affected product candidates and our ability to commercialize the affected product candidates. Furthermore, a disagreement under any of these license agreements may harm our relationship with the partner, which could have negative impacts on other aspects of our business.

***We may become involved in lawsuits to protect or enforce our intellectual property, which could be expensive, time-consuming and unsuccessful and have a material adverse effect on the success of our business.***

Third parties may infringe our patents or misappropriate or otherwise violate our intellectual property rights. Our patent applications cannot be enforced against third parties practicing the technology claimed in these applications unless and until a patent issues from the applications, and then only to the extent the issued claims cover the technology. In the future, we or our partners may elect to initiate legal proceedings to enforce or defend our or our partners' intellectual property rights, to protect our or our partners' trade secrets or to determine the validity or scope of our intellectual property rights. Any claims that we or our partners assert against perceived infringers could also provoke these parties to assert counterclaims against us or our partners alleging that we or our partners infringe their intellectual property rights or that our intellectual property rights are invalid.

Interference or derivation proceedings provoked by third parties, brought by us or our partners, or brought by the USPTO or any non-U.S. patent authority may be necessary to determine the priority of inventions or matters of inventorship with respect to our patents or patent applications. We or our partners may also become involved in other proceedings, such as reexamination or opposition proceedings, *inter partes* review, post-grant review or other pre-issuance or post-grant proceedings in the USPTO or its foreign counterparts relating to our intellectual property or the intellectual property of others. An unfavorable outcome in any of these proceedings could require us or our partners to cease using the related technology and commercializing our product candidates, or to attempt to license rights to it from the prevailing party. Our business could be harmed if the prevailing party does not offer us or our partners a license on commercially reasonable terms if any license is offered at all. Even if we or our licensors obtain a license, it may be non-exclusive, thereby giving our competitors access to the same technologies licensed to us or our licensors. In addition, if the breadth or strength of protection provided by our patents and patent applications is threatened, it could dissuade companies from collaborating with us to license, develop or commercialize current or future product candidates.

Any intellectual property proceedings can be expensive and time-consuming. Our or our partners' adversaries in these proceedings may have the ability to dedicate substantially greater resources to prosecuting these legal actions than we or our partners can. Accordingly, despite our or our partners' efforts, we or our partners may not be able to prevent third parties from infringing upon or misappropriating our intellectual property rights, particularly in countries where the laws may not protect our rights as fully as in the U.S. Even if we are successful in the relevant proceedings, we may incur substantial costs and the time and attention of our management and scientific personnel could be diverted from other activities. We could be found liable for monetary damages, including treble damages and attorneys' fees, if we are found to have willfully infringed a patent. In addition, in an infringement proceeding, a court may decide that one or more of our patents is invalid or unenforceable, in whole or in part, or may refuse to stop the other party from using the technology at issue on the grounds that our patents do not cover the technology in question. An adverse result in any litigation proceeding could put one or more of our patents at risk of being invalidated, held unenforceable or interpreted narrowly.

Furthermore, because of the substantial amount of discovery required in connection with intellectual property litigation, there is a risk that some of our confidential information could be compromised by disclosure during this type of litigation. In addition, there could be public announcements of the results of hearings, motions or other interim proceedings or developments.

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

In addition to seeking the protection afforded by patents, we rely on trade secret protection and confidentiality agreements to protect proprietary know-how that is not patentable or that we elect not to patent, processes for which patents are difficult to enforce, and other elements of our technology, discovery and development processes that involve proprietary know-how, information or technology that is not covered by patents. The T-cell immunotherapy product candidates and platform technology we have licensed from our partners are protected primarily as confidential know-how and trade secrets. Any disclosure to or misappropriation by third parties of our confidential proprietary information could enable competitors to quickly duplicate or surpass our technological achievements, including by enabling them to develop and commercialize products substantially similar to or competitive with our product candidates, thus eroding our competitive position in the market.

Trade secrets can be difficult to protect. We seek to protect our proprietary technology and processes, in part, by entering into confidentiality agreements and invention assignment agreements with our employees, consultants, and outside scientific advisors, contractors and collaborators. These agreements are designed to protect our proprietary information. Although we use reasonable efforts to protect our trade secrets, our employees, consultants, contractors, or outside scientific advisors might intentionally or inadvertently disclose our trade secrets or confidential, proprietary information to competitors. In addition, competitors may otherwise gain access to our trade secrets or independently develop substantially equivalent information and techniques. If any of our confidential proprietary information were to be lawfully obtained or independently developed by a competitor, we would have no right to prevent such competitor from using that technology or information to compete with us, which could harm our competitive position.

Enforcing a claim that a third party illegally obtained and is using any of our trade secrets is expensive and time consuming, and the outcome is unpredictable. In addition, the laws of certain foreign countries do not protect proprietary rights such as trade secrets to the same extent or in the same manner as the laws of the U.S. Misappropriation or unauthorized disclosure of our trade secrets to third parties could impair our competitive advantage in the market and could materially adversely affect our business, results of operations and financial condition.

### **Risks Related to Commercialization of Our Product Candidates**

***Our commercial success depends upon attaining significant market acceptance of our product candidates, if approved, among physicians, patients, healthcare payors and the medical community, including hospitals and outpatient clinics.***

Even if we obtain regulatory approval for any of our product candidates that we may develop or acquire in the future, the product may not gain market acceptance among physicians, healthcare payors, patients or the medical community that supports our product development efforts, including hospitals and outpatient clinics. Market acceptance of any of our product candidates for which we receive approval depends on a number of factors, including:

- the efficacy and safety of the product candidates as demonstrated in clinical studies;
- the clinical indications and patient populations for which the product candidate is approved;
- acceptance by physicians and patients of the drug as a safe and effective treatment;
- the administrative and logistical burden of treating patients;
- the ability to identify in a timely manner the appropriate target patients who will benefit from specific therapy;
- the adoption of novel cellular therapies by physicians, hospitals and third-party payors;
- the potential and perceived advantages of product candidates over alternative treatments;
- the safety of product candidates seen in a broader patient group, including its use outside the approved indications;
- any restrictions on use together with other medications;
- the prevalence and severity of any side effects;
- product labeling or product insert requirements of the FDA or other regulatory authorities;
- the timing of market introduction of our products as well as competitive products;
- the development of manufacturing and distribution processes for our product candidates;

- the cost of treatment in relation to alternative treatments;
- the availability of coverage and adequate reimbursement from, and our ability to negotiate pricing with, third-party payors and government authorities;
- relative convenience and ease of administration; and
- the effectiveness of our sales and marketing efforts and those of our collaborators.

***Even if we are able to commercialize our product candidates, the products may not receive coverage and adequate reimbursement from third-party payors in the U.S. and in other countries in which we seek to commercialize our products, which could harm our business.***

Our ability to commercialize any product successfully will depend, in part, on the extent to which coverage and adequate reimbursement for these products and related treatments will be available from government health administration authorities, private health insurers and other organizations.

Government authorities and third-party payors, such as private health insurers and health maintenance organizations, determine which medications they will cover and establish reimbursement levels. A primary trend in the healthcare industry is cost containment. Government authorities and third-party payors have attempted to control costs by limiting coverage and the amount of reimbursement for particular medications. Increasingly, 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. Third-party payors may also seek additional clinical evidence, beyond the data required to obtain regulatory approval, demonstrating clinical benefits and value in specific patient populations before covering our products for those patients. We cannot be sure that coverage and adequate reimbursement will be available for any product that we commercialize and, if reimbursement is available, what the level of reimbursement will be. In some countries such as the U.S., greater cost-shifting from the payor to the patient is also a trend, and higher patient copayments or other administrative burdens could lead to reduced demand from patients or healthcare professionals. This could particularly be the case in a challenging economic climate. Coverage and reimbursement may impact the demand for, or the price of, any product candidate for which we obtain regulatory approval, and ultimately our ability to successfully commercialize any product candidate for which we obtain regulatory approval.

There may 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 comparable foreign regulatory authorities. Moreover, eligibility for coverage and reimbursement does not imply that any drug will be paid for in all cases or at a rate that covers our costs, including research, development, manufacture, sale and distribution. Interim reimbursement levels for new drugs, if applicable, may also not be sufficient to cover our costs and may only be temporary. 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 U.S. 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 U.S. Third-party payors in the U.S. often rely upon Medicare coverage policy and payment limitations in setting their own reimbursement policies. 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. Our inability to promptly obtain coverage and profitable reimbursement rates from both government-funded and private 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.

***Current and future legislation, including potentially unfavorable pricing regulations or other healthcare reform initiatives, may increase the difficulty and cost for us to obtain regulatory approval of and commercialize our product candidates and affect the prices we may obtain.***

The regulations that govern, among other things, regulatory approvals, coverage, pricing and reimbursement for new drug products vary widely from country to country. In the U.S. and some foreign jurisdictions, there have been a number of legislative and regulatory changes and proposed changes regarding the healthcare system that could prevent or delay regulatory approval of our product candidates, restrict or regulate post-approval activities and affect our ability to successfully sell any product candidates for which we obtain regulatory approval. In particular, in March 2010, the Patient Protection and Affordable Care Act, as amended by the Health Care and Education Reconciliation Act, collectively, the Affordable Care Act, was enacted, which substantially changed the way healthcare is financed by both governmental and private insurers, and continues to significantly impact the U.S. pharmaceutical industry. The Affordable Care Act and its implementing regulations, among other things, addressed a new methodology by which

rebates owed by manufacturers under the Medicaid Drug Rebate Program are calculated for certain drugs and biologics, including our product candidates, increased the minimum Medicaid rebates owed by manufacturers under the Medicaid Drug Rebate Program, extended the Medicaid Drug Rebate Program to utilization of prescriptions of individuals enrolled in Medicaid managed care organizations, subjected manufacturers to new annual fees and taxes for certain branded prescription drugs, provided incentives to programs that increase the federal government's comparative effectiveness research and established a new Medicare Part D coverage gap discount program.

Other legislative changes have been proposed and adopted in the U.S. since the Affordable Care Act was enacted. In August 2011, the Budget Control Act of 2011, among other things, created measures for spending reductions by the U.S. 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, which went into effect in April 2013, and, due to subsequent legislative amendments, will remain in effect into 2031 unless additional Congressional action is taken. COVID-19 relief legislation suspended the 2% Medicare sequester from May 1, 2020 through December 31, 2021. In January 2013, the American Taxpayer Relief Act of 2012 (the ATRA) was enacted which, among other things, further reduced Medicare payments to several providers, including hospitals and outpatient clinics, and increased the statute of limitations period for the government to recover overpayments to providers from three to five years.

There have been judicial and Congressional challenges to numerous elements of the Affordable Care Act, as well as efforts by both the executive and legislative branches of the federal government to repeal or replace certain aspects of the Affordable Care Act. In addition, the U.S. Congress has considered legislation that would repeal or repeal and replace all or part of the Affordable Care Act. While the U.S. Congress has not passed comprehensive repeal legislation, it has enacted laws that modify certain provisions of the Affordable Care Act, such as removing penalties, starting January 1, 2019, for not complying with the Affordable Care Act's individual mandate to carry health insurance, eliminating the implementation of certain mandated fees, and increasing the point-of-sale discount that is owed by pharmaceutical manufacturers who participate in Medicare Part D. On June 17, 2021, the U.S. Supreme Court dismissed a legal challenge to the law brought by several states arguing that, without the individual mandate, the entire Affordable Care Act was unconstitutional. The Supreme Court dismissed the lawsuit without ruling on the merits of the states' constitutionality arguments. While the legal challenge to the Affordable Care Act was pending, on January 28, 2021, President Biden issued an executive order to initiate a special enrollment period from February 15, 2021 through August 15, 2021 for purposes of obtaining health insurance coverage through the Affordable Care Act marketplace. The executive order also instructed certain governmental agencies to review and reconsider their existing policies and rules that limit access to healthcare, including among others, reexamining Medicaid demonstration projects and waiver programs that include work requirements, and policies that create unnecessary barriers to obtaining access to health insurance coverage through Medicaid or the Affordable Care Act. In the future, there may be additional challenges and/or amendments to the Affordable Care Act. It is unclear how the United States Supreme Court ruling, other such litigation, and the healthcare form measures of the Biden administration will impact the Affordable Care Act and our business.

There have been, and likely will continue to be, legislative and regulatory proposals at the foreign, federal and state levels directed at broadening the availability of healthcare and containing or lowering the cost of healthcare. We cannot predict the initiatives that may be adopted in the future. The continuing efforts of governments, insurance companies, managed care organizations and other payors of healthcare services to contain or reduce costs of healthcare, including by imposing price controls, may adversely affect the demand for our product candidates for which we obtain regulatory approval and our ability to set a price that we believe is fair for our products. Any reduction in reimbursement from Medicare or other government programs may result in a similar reduction in payments from private payors.

Legislative and regulatory proposals have been made to expand post-approval requirements and restrict sales and promotional activities for pharmaceutical products. We cannot be sure whether additional legislative changes will be enacted, or whether the U.S. or foreign regulations, guidance or interpretations will be changed, or what the impact of these changes on the regulatory approvals of our product candidates, if any, may be. In the U.S., the EU and other potentially significant markets for our product candidates, government authorities and third-party payors are increasingly attempting to limit or regulate the price of medical products and services, particularly for new and innovative products and therapies, which has resulted in lower average selling prices for certain products in certain markets. For example, in the U.S., there have been several Congressional inquiries and proposed and enacted federal and state legislation designed to, among other things, bring more transparency to drug pricing, review the relationship between pricing and manufacturer patient programs, and reform government program reimbursement methodologies for drugs. For example, the Consolidated Appropriations Act of 2021 included several drug price reporting and transparency measures, such as a new requirement for certain Medicare plans to develop tools to display Medicare Part D prescription drug benefit information in real time and for group and health insurance issuers to report information on pharmacy benefit and drug costs to the Secretaries of Health and Human Services, Labor, and the Treasury.

There have also been administrative developments in the U.S. related to drug pricing. 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 (“PBMs”), unless the price reduction is required by law (the “Rebate Rule”). In addition, the Rebate Rule creates new safe harbor protection for certain (i) point-of-sale discounts from pharmaceutical manufacturers to Medicare Part D plans, Medicaid managed care organizations, and their contracted pharmacy benefit managers, and (ii) fees for certain services that PBMs provide to pharmaceutical manufacturers. Implementation of the Rebate Rule is uncertain due, at least in part, to a change in the U.S. presidential administration and ongoing litigation challenging the Rebate Rule. The litigants have stipulated to a delay of all provisions of the Rebate Rule until January 1, 2023 and have agreed to hold the case in abeyance pending further review of the Rebate Rule by the Biden administration. Most recently, the bipartisan infrastructure legislation passed by the U.S. Senate in August 2021 included a moratorium on implementation of the Rebate Rule before January 1, 2026; however, it is unclear whether or when such legislation will be enacted. Further, on November 20, 2020, CMS issued an interim final rule implementing President Trump’s Most Favored Nation executive order, which would tie Medicare Part B payments for certain physician-administered drugs to the lowest price paid in other economically advanced countries, effective January 1, 2021. On December 28, 2020, the U.S. District Court in Northern California issued a nationwide preliminary injunction against implementation of the interim final rule. On August 10, 2021, CMS issued a proposed rule proposing to rescind interim final rule. At the state level, legislatures have increasingly passed legislation and implemented regulations designed to control pharmaceutical and biological product pricing, including price or patient reimbursement constraints, discounts, restrictions on certain product access and marketing cost disclosure and transparency measures, and, in some cases, to encourage importation from other countries and bulk purchasing. Furthermore, the increased emphasis on managed healthcare in the U.S. and on country and regional pricing and reimbursement controls in the EU will put additional pressure on product pricing, reimbursement and usage, which may adversely affect our future product sales. These pressures can arise from rules and practices of managed care groups, other insurers, judicial decisions and governmental laws and regulations related to Medicare, Medicaid and healthcare reform, pharmaceutical reimbursement policies and pricing in general. Further, it is possible that additional governmental action is taken in response to the COVID-19 pandemic.

In addition, there is significant uncertainty regarding the reimbursement status of newly approved healthcare products. We may need to conduct expensive pharmacoeconomic studies in order to demonstrate the cost-effectiveness of our products. If third-party payors do not consider our products to be cost-effective compared to other therapies, the payors may not cover our products after approved as a benefit under their plans or, if they do, the level of payment may not be sufficient to allow us to sell our products on a profitable basis.

***Price controls may be imposed in foreign markets, which may adversely affect our future profitability.***

In some countries, particularly member states of the EU and the U.K., the pricing of prescription drugs is subject to governmental control. In these countries, pricing negotiations with governmental authorities can take considerable time after receipt of regulatory approval for a product. In addition, there can be considerable pressure by governments and other stakeholders on prices and reimbursement levels, including as part of cost containment measures. 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 distribution, or arbitrage between low-priced and high-priced member states, can further reduce prices. In some countries, we, or our collaborators, may be required to conduct a clinical study or other studies that compare the cost-effectiveness of our product candidates to other available therapies in order to obtain or maintain reimbursement or pricing approval. Publication of discounts by third-party payors or authorities may lead to further pressure on the prices or reimbursement levels within the country of publication and other countries. 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 adversely affected.

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

We face competition from numerous pharmaceutical and biotechnology enterprises, as well as from academic institutions, government agencies and private and public research institutions for our current product candidates. Our commercial opportunities will be reduced or eliminated if our competitors develop and commercialize products that are safer, more effective, have fewer side effects or are less expensive than any products that we may develop. Additionally, our commercial opportunities will be reduced or eliminated if novel upstream products or changes in treatment protocols reduce the overall incidence or prevalence of our current or future target diseases. Competition could result in reduced sales and pricing pressure on our product candidates, if approved by applicable regulatory authorities. In addition, significant delays in the development of our product candidates could allow our competitors to bring products to market before us and impair any ability to commercialize our product candidates.

There are currently no FDA- or EMA-approved products for the treatment of EBV+ PTLD. However, some marketed products and therapies are used off-label in the treatment of EBV+ PTLD, such as rituximab and combination chemotherapy regimens. In addition, a number of companies and academic institutions are developing product candidates for EBV+ PTLD and other EBV-driven

diseases including: Viracta Therapeutics, Inc., which is conducting a pivotal, Phase 2 clinical study for nanatinostat (formerly named tractinostat, or VRx-3996) in combination with antiviral drug valganciclovir in relapsed/refractory EBV+ lymphomas; AlloVir (formerly known as ViraCyte), which has completed a Phase 2 clinical study for Viralym-M (ALVR105), an allogeneic, multi-virus T-cell product that targets six viruses in allogeneic HSCT recipients with  $\geq 1$  treatment-refractory infection, including EBV, has initiated a pivotal study for Virus-Associated Hemorrhagic-Cystitis, as well as a Phase 2 proof of concept trial for the prevention of BKV, CMV, AdV, EBV, HHV06 and JCV in post-allogeneic HSCT patients; and Tessa Therapeutics Pte Ltd., is conducting a Phase 1 clinical study of its autologous CD30 CAR T in CD30+ NHL and funding a Phase 1, investigator-sponsored study at Baylor College of Medicine, for its allogeneic CD30-CAR EBVST product candidate.

Competition in the MS market is high with at least 20 therapies, including four generics or bioequivalents, approved in the U.S. and EU for the treatment of various forms of MS, including clinically isolated syndrome, relapsing-remitting MS (RRMS), secondary progressive MS (SPMS) and primary progressive MS (PPMS). There are many competitors in the MS market, including major multi-national fully-integrated pharmaceutical companies and established biotechnology companies. Most recently, Ponvory (S1P modulator), marketed by Johnson & Johnson, and Kesimpta® (anti-CD20 monoclonal antibody), marketed by Novartis, were approved in the U.S. and/or EU for the treatment of relapsing forms of MS.

There are numerous development candidates in Phase 3 studies for both relapsing and/or progressive forms of MS and additional novel agents could be approved in either or both indications in the future including TG Therapeutics' anti-CD20 monoclonal antibody ublituximab (estimated PDUFA 09/2022), Merck KGaA's Bruton's tyrosine kinase (BTK) inhibitor, evobrutinib, Roche's BTK inhibitor, fenebrutinib, Sanofi's BTK inhibitor, tolebrutinib and AB Science's tyrosine kinase inhibitor, masitinib. Medicinova is planning to initiate a Phase 3 study of its PDE inhibitor, ibudilast (MN166) in non-active SPMS.

There are currently five autologous CAR T therapies approved in the U.S. and/or EU: Novartis' Kymriah® (tisagenlecleucel), Gilead/Kite's Yescarta® (axicabtagene ciloleucel) and Tecartus™ (brexucabtagene autoleucel) and Bristol-Myers Squibb's Breyanzi® (lisocabtagene maraleucel) and Abecma (idecabtagene vicleucel) with bluebird bio. There are many CAR-mediated cell therapies in development, and, although the majority are autologous, they include allogeneic and off-the-shelf cell therapies. There are multiple allogeneic CAR platforms being developed with differences in approaches to minimize instances of donor cells recognizing the patient's body as foreign or rejection of the donor cells by the patient's body. These approaches include the use of gene-editing to remove or inhibit the TCR and the use of cell types without a TCR. The majority of clinical stage allogeneic CAR programs utilize alpha beta T cells as the cell type and gene editing of the T-cell receptor and HLA as the preferred technology approach, however, other strategies are also in development. It is possible that some of these other approaches will have more favorable characteristics than the approach we utilize, which would result in them being favored by potential partners or customers over our products. Depending on the diseases that we target in the future, we may face competition from both autologous and allogeneic CAR therapies and other modalities (e.g., small molecules, antibodies) in the indication of interest.

Many of the approved or commonly used drugs and therapies for our current or future target diseases, including EBV+ PTLN and MS, are well established and are widely accepted by physicians, patients and third-party payors. Some of these drugs are branded and subject to patent protection, and other drugs and nutritional supplements are available on a generic basis. Insurers and other third-party payors may encourage the use of generic products or specific branded products. We expect that, if any of our product candidates are approved, they will be priced at a significant premium over competitive generic products. Absent differentiated and compelling clinical evidence, pricing premiums may impede the adoption of our products over currently approved or commonly used therapies, which may adversely impact our business. In addition, many companies are developing new therapeutics, and we cannot predict what the standard of care will become as our products continue in clinical development.

Many of our competitors or potential competitors have significantly greater established presence in the market, financial resources and expertise in research and development, manufacturing, preclinical testing, conducting clinical studies, obtaining regulatory approvals and marketing approved products than we do, and as a result may have a competitive advantage over us. Smaller or early-stage companies may also prove to be significant competitors, including through collaborative arrangements with large and established companies or if they are acquired by larger companies. These third parties compete with us in recruiting and retaining qualified scientific, commercial and management personnel, establishing clinical study sites and patient registration for clinical studies, as well as in acquiring technologies and technology licenses complementary to our programs or advantageous to our business.

As a result of these factors, these competitors may obtain regulatory approval of their products before we are able to obtain patent protection or other intellectual property rights, which will limit our ability to develop or commercialize our product candidates. Our competitors may also develop drugs that are safer, more effective, more widely used and cheaper than ours, and may also be more successful than us in manufacturing and marketing their products. These appreciable advantages could render our product candidates obsolete or noncompetitive before we can recover the expenses of development and commercialization.

***We expect the product candidates we develop will be regulated as biological products (biologics, and they may be subject to competition sooner than anticipated.***

The Biologics Price Competition and Innovation Act of 2009 (BPCIA) was enacted as part of the Affordable Care Act to establish an abbreviated pathway for the approval of biosimilar and interchangeable biological products. The regulatory pathway establishes legal authority for the FDA to review and approve biosimilar biologics, including the possible designation of a biosimilar as “interchangeable” based on its similarity to an approved biologic. Under the BPCIA, an application for a biosimilar product cannot be approved by the FDA until 12 years after the reference product was approved under a BLA. During this 12-year period of exclusivity, another company may still market a competing version of the reference product if the FDA approves a full BLA for the competing product containing the sponsor’s own preclinical data and data from adequate and well-controlled clinical trials to demonstrate the safety, purity and potency of their product. The law is complex and is still being interpreted and implemented by the FDA. As a result, its ultimate impact, implementation, and meaning are subject to uncertainty. While it is uncertain when processes intended to implement BPCIA may be fully adopted by the FDA, any of these processes could have a material adverse effect on the future commercial prospects for our biological products.

We believe that any of the product candidates we develop that is approved in the U.S. as a biological product under a BLA should qualify for the 12-year period of exclusivity. However, there is a risk that this exclusivity could be shortened due to congressional action or otherwise, or that the FDA will not consider the subject product candidates to be reference products for competing products, potentially creating the opportunity for generic competition sooner than anticipated. Moreover, the extent to which a biosimilar, once approved, will be substituted for any one of the reference products in a way that is similar to traditional generic substitution for non-biological products is not yet clear, and will depend on a number of marketplace and regulatory factors that are still developing.

In addition, the approval of a biologic product biosimilar to one of our products could have a material adverse impact on our business as it may be significantly less costly to bring to market and may be priced significantly lower than our products.

***If we are unable to establish sales and marketing capabilities or enter into agreements with third parties to market and sell our product candidates, we may be unable to generate any revenue from the sale of our products.***

We are at an early stage of establishing an organization that will be responsible for the sale, marketing and distribution of pharmaceutical products and the cost of establishing and maintaining such an organization may exceed the cost-effectiveness of doing so. In order to market any products that may be approved by the FDA and comparable foreign regulatory authorities, we must build our sales, marketing, managerial and other non-technical capabilities or make arrangements with third parties to perform these services. There are significant risks involved in building and managing a sales organization, including our ability to hire, retain and incentivize qualified individuals, generate sufficient sales leads, provide adequate training to sales and marketing personnel and effectively manage a geographically dispersed sales and marketing team. Any failure or delay in the development of our internal sales, marketing and distribution capabilities, or entering into agreements with third parties to market and sell our products, would adversely impact the commercialization of these products. We may be competing with many companies that currently have extensive and well-funded sales and marketing operations. Without a sufficiently scaled, appropriately timed and trained internal commercial organization or the support of a third party to perform sales and marketing functions, we may be unable to compete successfully against these more established companies.

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

As of September 30, 2021, we had 578 employees. We have made the decision to grow the size of our organization in order to support our continued development and potential commercialization of our product candidates. In particular, we may need to add substantial numbers of additional personnel and other resources to support our development and potential commercialization of our product candidates. As our development and commercialization plans and strategies continue to develop, or as a result of any future acquisitions, our need for additional managerial, operational, manufacturing, sales, marketing, financial and other resources will increase. Our management, personnel and systems currently in place may not be adequate to support this future growth. Future growth would impose significant added responsibilities on members of management, including:

- managing our preclinical and clinical studies effectively;
- identifying, recruiting, maintaining, motivating and integrating additional employees, including the additional personnel needed to support continued development and potential commercialization of our product candidates;
- managing our internal development efforts effectively while complying with our contractual obligations to licensors, licensees, contractors and other third parties;
- improving our managerial, development, operational, information technology, and finance systems; and
- expanding our facilities.

As our operations expand, we will also need to manage additional relationships with various strategic partners, suppliers and other third parties. Our future financial performance and our ability to commercialize our product candidates and to compete effectively will depend, in part, on our ability to manage any future growth effectively. To that end, we must be able to manage our development efforts and preclinical and clinical studies effectively and hire, train and integrate additional management, research and development, manufacturing, administrative and sales and marketing personnel. Our failure to accomplish any of these tasks could prevent us from successfully growing our company.

### **Risks Related to Ownership of Our Common Stock**

*Our stock price has been and will likely continue to be volatile and may decline regardless of our operating performance.*

Our stock price has fluctuated in the past and can be expected to be volatile in the future. From January 1, 2019 through September 30, 2021, the reported sale price of our common stock has fluctuated between \$4.52 and \$41.97 per share. The stock market in general and the market for biotechnology companies in particular have experienced extreme volatility that has often been unrelated to the operating performance of particular companies. In particular, the ongoing COVID-19 pandemic has further heightened the volatility of the stock market for biopharmaceutical companies. As a result of this volatility, investors may experience losses on their investment in our common stock. The market price of our common stock may be influenced by many factors, including the following:

- the success of competitive products or technologies;
- regulatory actions with respect to our product candidates or products or our competitors' product candidates or products;
- actual or anticipated changes in our growth rate relative to our competitors;
- announcements by us or our competitors of significant acquisitions, strategic partnerships, joint ventures, collaborations or capital commitments;
- results of clinical studies of our product candidates or those of our competitors;
- regulatory or legal developments in the U.S. and other countries;
- developments or disputes concerning patent applications, issued patents or other proprietary rights;
- the recruitment or departure of key personnel;
- the level of expenses related to any of our product candidates or clinical development programs;
- the results of our efforts to in-license or acquire additional product candidates or products;
- actual or anticipated changes in estimates as to financial results, development timelines or recommendations by securities analysts;
- variations in our financial results or those of companies that are perceived to be similar to us;
- fluctuations in the valuation of companies perceived by investors to be comparable to us;
- inconsistent or unusual trading volume levels of our shares or derivatives thereof;
- announcement or expectation of additional financing efforts;
- sales of our common stock by us, our insiders or our other stockholders;
- changes in the structure of healthcare payment systems;
- market conditions in the pharmaceutical and biotechnology sectors;
- general economic, industry and market conditions; and
- the other risks described in this "Risk Factors" section.

In addition, the stock markets in general, and the markets for biotechnology and pharmaceutical stocks in particular, have experienced significant volatility that has often been unrelated to the operating performance of particular companies, including in connection with the ongoing COVID-19 pandemic, which has resulted in decreased stock prices for many companies. For example, negative publicity regarding drug pricing and price increases by pharmaceutical companies has negatively impacted, and may continue to negatively impact, the markets for biotechnology and pharmaceutical stocks. Likewise, as a result of significant changes in U.S. social, political, regulatory and economic conditions or in laws and policies governing foreign trade and healthcare spending and delivery, including the possible repeal and/or replacement of all or portions of the Affordable Care Act or changes in tariffs and other

restrictions on free trade stemming from U.S. and foreign government policies, or for other reasons, the financial markets could experience significant volatility that could also negatively impact the markets for biotechnology and pharmaceutical stocks. These market fluctuations may adversely affect the trading price of our common stock.

In the past, class action litigation has often been instituted against companies whose securities have experienced periods of volatility in market price. Any such litigation brought against us could result in substantial costs and divert management's attention and resources, which could result in delays of our clinical studies or commercialization efforts.

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

Our principal stockholders own a significant portion of our outstanding common stock. These stockholders may be able to determine the outcome of all matters requiring stockholder approval. For example, these stockholders may be 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. The interests of our significant stockholders may not always coincide with 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 market price for our common stock.

***Sales of a substantial number of shares of our common stock in the public market could cause our stock price to fall.***

Sales of a substantial number of shares of our common stock in the public market could occur at any time. These sales, or the perception in the market that the holders of a large number of shares intend to sell shares, could reduce the market price of our common stock. Moreover, certain holders of shares of our common stock will have rights, subject to certain conditions, to require us to file registration statements covering their shares or to include their shares in registration statements that we may file for ourselves or other stockholders. We have registered and intend to continue to register all shares of common stock that we may issue under our equity compensation plans. Once we register these shares, they can be freely sold in the public market upon issuance, subject to volume limitations applicable to affiliates.

***We have incurred and will continue to incur increased costs as a result of being a public company and our management expects to devote substantial time to public company compliance programs.***

As a public company, we have incurred and will continue to incur significant legal, accounting and other expenses. We are subject to the reporting requirements of the Exchange Act, which require, among other things, that we file with the SEC annual, quarterly and current reports with respect to our business and financial condition. In addition, the Sarbanes-Oxley Act, as well as rules subsequently adopted by the SEC and The Nasdaq Stock Market to implement provisions of the Sarbanes-Oxley Act, impose significant requirements on public companies, including requiring establishment and maintenance of effective disclosure and financial controls and changes in corporate governance practices. Further, pursuant to the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, the SEC has adopted and will adopt additional rules and regulations, such as mandatory "say on pay" voting requirements, that now apply to us. Stockholder activism, the current political environment and the potential for future regulatory reform may lead to substantial new regulations and disclosure obligations, which may lead to additional compliance costs and impact the manner in which we operate our business in ways we cannot currently anticipate.

The rules and regulations applicable to public companies have substantially increased our legal and financial compliance costs and make some activities more time-consuming and costly. To the extent these requirements divert the attention of our management and personnel from other business concerns, they could have a material adverse effect on our business, financial condition and results of operations. The increased costs will decrease our net income or increase our net loss and may require us to reduce costs in other areas of our business or increase the prices of our products or services.

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

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 of our business. In addition, the terms of any future debt agreements may preclude us from paying dividends. As a result, capital appreciation, if any, of our common stock will be the sole source of gain for our stockholders for the foreseeable future.

***Future sales and issuances of our common stock or rights to purchase common stock, including pursuant to our equity incentive plans, could result in additional dilution of the percentage ownership of our stockholders and could cause our stock price to fall.***

We expect that significant additional capital will be needed in the future to continue our planned operations. To raise capital, we may sell substantial amounts of common stock or securities convertible into or exchangeable for common stock in one or more transactions at prices and in a manner we determine from time to time. These future issuances of common stock or common stock-related securities, together with the exercise of outstanding options or warrants, and any additional shares issued in connection with acquisitions or in-licenses, if any, may result in material dilution to our investors. Such sales may also result in material dilution to our existing stockholders, and new investors could gain rights, preferences and privileges senior to those of holders of our common stock. To the extent equity valuations, including the trading price of our common stock, are depressed as a result of economic disruptions and uncertainty concerning the COVID-19 pandemic or other factors, the potential magnitude of this dilution will increase. Pursuant to our equity incentive plans, our compensation committee is authorized to grant equity-based incentive awards to our employees, non-employee directors and consultants. Future grants of RSUs, options and other equity awards and issuances of common stock under our equity incentive plans will result in dilution and may have an adverse effect on the market price of our common stock.

***Some terms of our charter documents and Delaware law may have anti-takeover effects that could discourage an acquisition of us by others, even if an acquisition would be beneficial to our stockholders and may prevent attempts by our stockholders to replace or remove our current management.***

Our amended and restated certificate of incorporation (Certificate of Incorporation) and amended and restated bylaws (Bylaws), as well as Delaware law, could make it more difficult for a third party to acquire us or increase the cost of acquiring us, even if doing so would benefit our stockholders, or remove our current management. These include terms that:

- permit our board of directors to issue up to 20,000,000 shares of preferred stock, with any rights, preferences and privileges as they may designate;
- provide that all vacancies on our board of directors, including as a result of newly created directorships, may, except as otherwise required by law, be filled by the affirmative vote of a majority of directors then in office, even if less than a quorum;
- establish that our board of directors is divided into three classes, with each class serving three-year staggered terms, which makes it more difficult to replace a majority of our directors in a short period of time;
- require that any action to be taken by our stockholders must be effected at a duly called annual or special meeting of stockholders and not be taken by written consent;
- provide that stockholders seeking to present proposals before a meeting of stockholders or to nominate candidates for election as directors at a meeting of stockholders must provide advance notice in writing, and also specify requirements as to the form and content of a stockholder's notice;
- not provide for cumulative voting rights, thereby allowing the holders of a majority of the shares of common stock entitled to vote in any election of directors to elect all of the directors standing for election; and
- provide that special meetings of our stockholders may be called only by our board of directors, the chairperson of our board of directors or our chief executive officer.

Any of the factors listed above may frustrate or prevent any attempts by our stockholders to replace or remove our current management by making it more difficult for stockholders to replace members of our board of directors, who are responsible for appointing the members of our management.

In addition, because we are incorporated in Delaware, we are governed by Section 203 of the Delaware General Corporation Law, which may discourage, delay or prevent someone from acquiring us or merging with us whether or not it is desired by or beneficial to our stockholders. Under Delaware law, a corporation may not, in general, engage in a business combination with any holder of 15% or more of its capital stock unless the holder has held the stock for three years or, among other things, the board of directors has approved the transaction. Any term of our Certificate of Incorporation or Bylaws or Delaware law that has the effect of delaying or deterring a change in control could limit the opportunity for our stockholders to receive a premium for their shares of our common stock and could also affect the price that some investors are willing to pay for our common stock.

***If securities or industry analysts do not publish research or publish inaccurate or unfavorable research about our business, our stock price and trading volume could decline.***

The trading market for our common stock will depend in part on the research and reports that securities or industry analysts publish about us and our business. In the event securities or industry analysts who cover us downgrade our stock or publish

unfavorable research about us or our business, our stock price would likely decline. If one or more of these analysts cease coverage of our company or fail to publish reports on us regularly, demand for our stock could decrease, which might cause our stock price and trading volume to decline.

## General Risk Factors

### *Our future success depends on our ability to retain our executive officers and to attract, retain and motivate qualified personnel.*

We are highly dependent upon our executive officers and other key employees and the loss of the services of any of our executive officers or other key employees, including scientific, technical or management personnel, could impede the achievement of our corporate objectives.

Our success depends on our ability to recruit, retain, manage and motivate our employees. Although we enter into employment agreements or offer letters with our employees, these documents provide for “at-will” employment, which means that any of our employees could leave our employment at any time, with or without notice. Competition for skilled personnel in our industry and geographic regions is intense and may limit our ability to hire and retain qualified personnel on acceptable terms or at all. To induce valuable employees to remain at our company, in addition to salary and cash incentives, we have provided equity awards that vest over time. The value to employees of equity awards may be significantly affected by movements in our stock price that are beyond our control and may at any time be insufficient to counteract more lucrative offers from other companies.

### *Our relationships with customers and third-party payors will be subject to applicable anti-kickback, fraud and abuse, privacy and other laws and regulations, which could expose us to criminal sanctions, civil 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 regulatory approval. Our current and future arrangements with 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 conduct research and would market, sell and distribute our products. As a biopharmaceutical company, even though we do not and will not control referrals of healthcare services or bill directly to Medicare, Medicaid or other third-party payors, federal and state healthcare laws and regulations pertaining to fraud and abuse and patients’ rights are and will be applicable to our business. If we obtain FDA approval of any of our product candidates and begin commercializing those products in the United States, our potential exposure under such laws will increase significantly, and our costs associated with compliance with such laws are also likely to increase. These laws may impact, among other things, our current activities with principal investigators and research patients, as well as proposed and future sales, marketing and education programs, distribution agreements, discounting, commission compensation, certain patient support offerings, and other business arrangements generally. In addition, the approval and commercialization of any of our product candidates outside the United States will also likely subject us to foreign equivalents of the healthcare laws mentioned here, among other foreign laws. Restrictions under applicable federal and state healthcare laws and regulations that may affect certain business arrangements and our ability to operate include, but are not limited to, the following:

- the federal healthcare Anti-Kickback Statute, a criminal law that governs, for example, our marketing practices, educational programs, pricing policies, and relationships with healthcare providers or other entities, by prohibiting, among other things, persons from knowingly and willfully soliciting, offering, receiving or providing remuneration, directly or indirectly, overtly or covertly, 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;
- federal civil and criminal false claims laws, including the civil False Claims Act, which can be enforced through civil whistleblower or qui tam actions, and civil monetary penalty laws impose criminal and civil penalties against individuals or entities for knowingly presenting, or causing to be presented, to the federal government, including the Medicare and Medicaid programs, claims for payment or approval that are false or fraudulent or making a false statement to avoid, decrease or conceal an obligation to pay money to the federal government;
- provisions enacted under the federal Health Insurance Portability and Accountability Act of 1996 (HIPAA) impose criminal and civil liability for knowingly and willfully executing or attempting to execute, a scheme or artifice to defraud any healthcare benefit program and also impose criminal liability for, among other things, knowingly and willfully falsifying, concealing or covering up a material fact or making any materially false statements in connection with the delivery of or payment for healthcare benefits, items or services;
- HIPAA, as amended by HITECH also imposes obligations, including mandatory contractual terms, with respect to safeguarding the privacy, security and transmission of individually identifiable health information held by covered entities and their business associates and their subcontractors that use, disclose or otherwise process individually identifiable health information;

- the federal physician sunshine requirements under the Affordable Care Act requires certain manufacturers of drugs, devices, biologics and medical supplies to report annually to CMS information related to payments and other transfers of value to physicians (defined to include doctors, dentists, optometrists, podiatrists and chiropractors) and teaching hospitals, and ownership and investment interests held by physicians and their immediate family members and applicable group purchasing organizations, which will be expanded beginning in 2022, to require applicable manufacturers to report such information regarding payments and other transfers of value to physician assistants, nurse practitioners, clinical nurse specialists, anesthesiologist assistants, certified registered nurse anesthetists and certified nurse midwives during the previous year;
- state and foreign laws and regulations that are analogous to, and may be broader in scope than, the federal laws and regulations described in the preceding subsections of this risk factor, such as state anti-kickback and false claims laws, may apply to sales or marketing or other arrangements and claims involving healthcare items or services reimbursed by non-governmental third-party payors, including private insurers; and
- some state laws require pharmaceutical companies to comply with the pharmaceutical industry's voluntary compliance guidelines and the relevant compliance guidance promulgated by the federal government; some state laws require drug manufacturers to report information regarding pricing and marketing information related to payments and other transfers of value to physicians and other healthcare providers; some state and local laws require the registration of pharmaceutical sales representatives; and other state laws require the protection of the privacy and security of health information, which may differ from each other in significant ways and often are not preempted by HIPAA.

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

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

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

***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 studies and will face an even greater risk if we commercially sell any products that we may develop. Product liability claims may be brought against us by subjects enrolled in our clinical studies, patients, healthcare providers or others using, administering or selling our products. If we cannot successfully defend ourselves against claims that our product candidates or products caused injuries, we could 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;
- clinical holds or termination of clinical study sites or entire study programs;
- injury to our reputation and significant negative media attention;
- withdrawal of clinical study participants;

- significant costs to defend the related litigation;
- substantial monetary awards to study subjects or patients;
- loss of revenue;
- diversion of management and scientific resources from our business operations; and
- the inability to commercialize any products that we may develop.

We currently hold product liability insurance coverage at a level that we believe is customary for similarly situated companies and adequate to provide us with insurance coverage for foreseeable risks, but which may not be adequate to cover all liabilities that we may incur. We may not be able to maintain insurance coverage at a reasonable cost or in an amount adequate to satisfy any liability that may arise. We intend to expand our insurance coverage for products to include the sale of commercial products if we obtain regulatory approval for our product candidates in development, but we may be unable to obtain commercially reasonable product liability insurance for any products that receive regulatory approval. Large judgments have been awarded in class action lawsuits based on drugs that had unanticipated side effects. A successful product liability claim or series of claims brought against us, particularly if judgments exceed our insurance coverage, could decrease our cash and adversely affect our business.

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

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

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

In addition, we may incur substantial costs in order to comply with current or future environmental, health and safety laws and regulations. These current or future laws and regulations may impair our research, development or production efforts. Failure to comply with these laws and regulations also may result in substantial fines, penalties or other sanctions, which could adversely affect our business, financial condition, results of operations and prospects.

***The actual or perceived failure by us, our customers, or vendors to comply with increasingly stringent laws, regulations and contractual obligations relating to privacy, data protection, and data security could harm our reputation, and subject us to significant fines and liability.***

We are or may become subject to numerous domestic and foreign laws and regulations regarding privacy, data protection, and data security, the scope of which is changing, subject to differing applications and interpretations and may be inconsistent among countries, or conflict with other rules. We are also subject to the terms of our contractual obligations to customers and third parties related to privacy, data protection, and data security. The actual or perceived failure by us, our customers, our vendors, or other relevant third parties to address or comply with these laws, regulations, and obligations could increase our compliance and operational costs, expose us to regulatory scrutiny, actions, fines and penalties, cause regulators to reject, limit or disrupt our clinical trial activities, result in reputational harm, lead to a loss of customers, reduce the use of our products, result in litigation and liability, and otherwise cause a material adverse effect on our business, financial condition, and results of operations.

For example, the EU adopted the General Data Protection Regulation (EU) 2016/679 (EU GDPR), in May 2018 which has direct effect in all EU member states and has extraterritorial effect where organizations outside of the EU process personal information of individuals in the EU in relation to the offering of goods or services to those individuals ("targeting test") or monitoring of their behavior ("monitoring test"). As such, the EU GDPR applies to us to the extent we are established in an EU Member State or we meet the requirements of either the targeting test or the monitoring test. These laws impose onerous and comprehensive privacy, data protection, and data security obligations onto data controllers and processors, including, as applicable: (i) contractual privacy, data protection, and data security commitments, including the requirement to implement appropriate technical and organizational measures

to safeguard personal information; (ii) establishing means for individuals to exercise their data protection rights; (iii) limitations on retention of personal information; (iv) additional requirements pertaining to sensitive information (such as health data) and pseudonymized (i.e., key-coded) data; (v) data breach notification requirements to supervisory authorities without undue delay (and no later than 72 hours where feasible) and/or concerned individuals; (vi) higher standards for obtaining valid consent from data subjects and changes to consent practices; (vii) obligations to consider data protection as any new products or services are developed; and (viii) the provisions of more detailed privacy notices for clinical trial subjects and investigators. Penalties for non-compliance with the EU GDPR can be significant and include fines in the amount of the greater of €20 million or four percent of consolidated global turnover and restrictions or prohibitions on data processing, which could impair our ability to do business in the EU, reduce demand for our services and adversely impact our business and results of operations. The EU also confers a private right of action on data subjects and consumer associations to lodge complaints with supervisory authorities, seek judicial remedies and obtain compensation for damages resulting from violations of the EU GDPR. The EU GDPR also provides that EU member states may introduce further laws and regulations limiting the processing of genetic, biometric, or health data, which could limit our ability to collect, use and share European data, cause our compliance costs to increase, require us to change our practices, adversely impact our business, and harm our financial condition. Assisting our customers, partners, and vendors in complying with the EU GDPR, or complying with the EU GDPR ourselves, may cause us to incur substantial operational costs or require us to change our business practices. There may also be a risk that the measures will not be implemented correctly or that individuals within the business will not be fully compliant with the required procedures.

European privacy, data protection, and data security laws, including the EU GDPR, restricts the transfer of personal information from the European Economic Area (EEA) to the United States and other countries that the European Commission does not recognize as having “adequate” data protection laws unless the parties to the transfer have implemented an appropriate data transfer mechanism in accordance with the EU GDPR. Data protection laws in the U.K. (as discussed below) and Switzerland impose similar restrictions. One of the primary mechanisms allowing U.S. companies to import personal information from Europe has been certification to the EU-U.S. Privacy Shield and Swiss-U.S. Privacy Shield frameworks. However, the EU-U.S. Privacy Shield framework was invalidated in July 2020 in a decision by the Court of Justice of the EU (CJEU) and subsequent guidance required additional compliance efforts to analyze international data flows and take steps to ensure adequate protections for personal information transferred to the U.S. and other certain jurisdictions, including in certain cases by implementing supplementary measures that provide privacy protections in addition to those provided under the Standard Contractual Clauses (or SCCs). Similarly, the Swiss-U.S. Privacy Shield Framework was declared as inadequate by the Swiss Federal Data Protection and Information Commissioner in light of the CJEU’s July 2020 decision. Moreover, new versions of the European Commission’s SCCs (new EU SCCs), now the primary mechanism for the lawful transfer of personal information from Europe to the United States and other countries have been released requiring additional compliance and implementation efforts. If we are unable to implement a valid solution for personal information transfers to the United States and other countries, we will face increased exposure to regulatory actions, substantial fines, and injunctions against processing or transferring personal information from Europe, and we may be required to increase our data processing capabilities in Europe at significant expense. Inability to import personal information from Europe to the United States or other countries may decrease demand for our products and services as our customers that are subject to the EU GDPR may seek alternatives that do not involve personal information transfers out of Europe. Moreover, where we rely on the new EU SCCs, we must now evaluate and where required, implement supplementary measures that provide privacy protections additional to those provided under the new EU SCCs. This evaluation will, in particular, include an assessment as to whether the types of personal data transferred pursuant to SCCs may be subject to government surveillance in the data importer’s country and an assessment as to whether the data importer can meet its contractual obligations under the new EU SCCs.

Further, following a referendum in June 2016 in which voters in the United Kingdom approved an exit from the EU, the United Kingdom government initiated a process to leave the EU, known as Brexit. Following December 31, 2020, the EU GDPR’s data protection obligations continue to apply to the United Kingdom in substantially unvaried form under the so called “UK GDPR” by virtue of section 3 of the European Union (Withdrawal) Act 2018. The UK GDPR exists alongside the UK Data Protection Act 2018 which implements certain derogations in the UK GDPR into UK law. Under the UK GDPR, companies not established in the United Kingdom but who process personal information in relation to the offering of goods or services to individuals in the United Kingdom, or to monitor their behavior will be subject to the UK GDPR – the requirements of which are (at this time) largely aligned with those under the EU GDPR and as such, may lead to similar compliance and operational costs with potential fines of up to £17.5 million or 4% of global turnover. As a result, we are potentially exposed to two parallel data protection regimes, each of which authorizes fines and the potential for divergent enforcement actions. It should also be noted that the new EU SCCs do not automatically apply in the UK since Brexit, and the UK Government has not yet formally acknowledged the new EU SCCs, *i.e.*, as a valid data transfer mechanism under the UK GDPR. Indeed, on 11 August 2021, the UK Information Commissioner’s Office (ICO) launched a public consultation on its draft international data transfer agreement and guidance. This included the publication of a draft UK addendum that can be used with the new EU SCCs – however, this is unlikely to be finalized before the end of 2021 and as such, for the time being transfers from the UK to a third country should continue to be made in reliance on the “old” SCC.

Other countries outside of Europe continue to enact or are considering enacting similar cross-border data transfer restrictions and laws requiring local data residency, which could increase the cost and complexity of delivering our services and operating our business. For example, Brazil enacted the General Data Protection Law (Lei Geral de Proteção de Dados Pessoais or LGPD) (Law No.

13,709/2018), which broadly regulates the processing of personal information and imposes compliance obligations and penalties comparable to those of the EU GDPR.

Regulation of privacy, data protection and data security has also become more stringent in the United States. For example, the California Consumer Privacy Act (CCPA), which took effect on January 1, 2020, gives California residents expanded rights to access and delete their personal information, opt out of certain personal information sharing, and receive detailed information about how their personal information is used. The CCPA provides for civil penalties for violations, as well as a private right of action for data breaches that is expected to increase data breach litigation. The CCPA may increase our compliance costs and potential liability. The CCPA will be expanded substantially on January 1, 2023, when the California Privacy Rights Act of 2020 (CPRA) becomes fully operative. The CPRA will, among other things, give California residents the ability to limit use of certain sensitive personal information, further restrict the use of cross-contextual advertising, establish restrictions on the retention of personal information, expand the types of data breaches subject to the CCPA's private right of action, provide for increased penalties for CPRA violations concerning California residents under the age of 16, and establish a new California Privacy Protection Agency to implement and enforce the new law. Other states have already passed similar comprehensive privacy laws that will also go into effect in 2023, and several more are considering their own versions of privacy legislation, demonstrating a strong trend towards more stringent state privacy, data protection and data security legislation in the U.S., which could increase our potential liability and adversely affect our business.

Compliance with U.S. and foreign privacy, data protection, and data security laws and regulations could cause us to incur substantial costs or require us to change our business practices and compliance procedures in a manner adverse to our business. Moreover, complying with these various laws 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 foreign privacy, data protection, and data security laws and regulations could result in 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. Claims that we have violated individuals' privacy rights, failed to comply with privacy, data protection, and data security laws, or breached our contractual obligations, even if we are not found liable, could be expensive and time consuming to defend, could result in adverse publicity and could have a material adverse effect on our business, financial condition, and results of operations.

***If our security measures are compromised, or our information technology systems or those of our vendors, and other relevant third parties fail or suffer security breaches, loss or leakage of data, and other disruptions, this could result in a material disruption of our services, compromise sensitive information related to our business, harm our reputation, trigger our breach notification obligations, prevent us from accessing critical information, and expose us to liability or other adverse effects to our business.***

In the ordinary course of our business, we may collect, process, and store proprietary, confidential, and sensitive information, including personal information (including health information), intellectual property, trade secrets, and proprietary business information owned or controlled by ourselves or other parties. It is critical that we do so in a secure manner to maintain the confidentiality, integrity, and availability of such information. We face several risks relative to protecting this critical information, including loss of access risk, inappropriate use or disclosure, inappropriate modification, and the risk of our being unable to adequately monitor, audit and modify our controls over our critical information. This risk extends to the third-party service providers who handle elements of our operations.

We, our partners, our CROs, our CMOs, and other business vendors on which we rely depend on information technology and telecommunication systems for significant elements of our operations, including, for example, systems handling human resources, financial reporting and controls, regulatory compliance and other infrastructure operations. Notwithstanding the implementation of security measures, given the size and complexity of our information technology systems and those of our third-party vendors and other contractors and consultants, and the increasing amounts of proprietary, confidential and sensitive information that they maintain, such information technology systems are potentially vulnerable to breakdown, service interruptions, system malfunction, natural disasters, terrorism, war and telecommunication and electrical failures, as well as security breaches from inadvertent or intentional actions by our personnel, third-party 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 vendors and other contractors and consultants, or lead to data leakage. The risk of a security breach or disruption, particularly through accidental actions or omissions by trusted insiders, cyber-attacks or cyber intrusions, including by computer hackers, viruses, 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. Additionally, the increased usage of computers operated on home networks due to the shelter-in-place or similar restrictions related to the COVID-19 pandemic may make our systems more susceptible to security breaches. For example, in March 2021, MSK provided notice that MSK was one of many customers impacted by a data breach at Accellion, Inc., which provides a document-sharing system. MSK subsequently notified us that certain documents related to one of our discontinued programs were subject to the breach, which compromise we deemed immaterial. Although we take measures to protect sensitive data from unauthorized access, use or disclosure, we and our third party service providers frequently defend against and respond to cyber attacks, and our information technology and infrastructure may be vulnerable to attacks by hackers or viruses or breached due to personnel error, malfeasance, or other malicious

or inadvertent disruptions. Any such breach or interruption could compromise our networks and the information stored there could be accessed by unauthorized parties, manipulated, publicly disclosed, lost, or stolen.

Failures or significant downtime of our information technology or telecommunication systems or those used by our third-party service providers could cause significant interruptions to our operations, including preventing us from conducting tests or research and development activities and preventing us from managing the administrative aspects of our business. For example, the loss of clinical study data from completed, ongoing or planned clinical studies could result in delays in our regulatory approval efforts and significantly increase our costs to recover or reproduce the data. To the extent that any disruption or security breach results in a loss of or damage to our data or applications, or inappropriate disclosure of confidential or proprietary information, we could incur liability, the further development of our product candidates could be delayed and our business could be otherwise adversely affected.

We may not be able to anticipate all types of security threats, and we may not be able to implement preventative measures effective against all such security threats. We also may not be effective in responding to contain or mitigate the risks of an attack. 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, hostile foreign governments or agencies, or cybersecurity researchers. 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 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 our products and services could be delayed.

The costs related to significant security breaches or disruptions could be material and could exceed the limits of the cybersecurity insurance we maintain, if any, against such risks. If the information technology systems of our third-party vendors and other contractors and consultants become subject to disruptions or security breaches, we may have insufficient recourse against such third parties and 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.

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 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 vendors and other contractors and consultants, it could result in a material disruption of our programs and the development of our services and technologies could be delayed. Furthermore, significant disruptions of our internal information technology systems or those of our third-party 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 customers 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.

Although we take measures to protect sensitive data from unauthorized access, use or disclosure, our information technology and infrastructure may be vulnerable to attacks by hackers or viruses or breached due to personnel error, malfeasance, or other malicious or inadvertent disruptions. Any such breach or interruption could compromise our networks and the information stored there could be accessed by unauthorized parties, manipulated, publicly disclosed, lost, or stolen.

Any such access, breach, or other loss of information could result in legal claims or proceedings, liability under domestic or foreign privacy, data protection and data security laws such as HIPAA and HITECH, and penalties. Notice of certain security breaches must be made to affected individuals, the Secretary of HHS, and for extensive breaches, notice may need to be made to the media or state attorneys general. Such notice could harm our reputation and our ability to compete. Although we have implemented security measures, such data is currently accessible through multiple channels, and there is no guarantee we can protect our data from breach. Unauthorized access, loss or dissemination could also damage our reputation or disrupt our operations, including our ability to conduct our analyses, conduct research and development activities, collect, process and prepare company financial information, and manage the administrative aspects of our business.

Penalties for violations of these laws vary. For instance, penalties for failure to comply with a requirement of HIPAA and HITECH vary significantly, and include significant civil monetary penalties and, in certain circumstances, criminal penalties with fines up to \$250,000 per violation and/or imprisonment. A person who knowingly obtains or discloses individually identifiable health information in violation of HIPAA may face a criminal penalty of up to \$50,000 and up to one-year imprisonment. The criminal penalties increase if the wrongful conduct involves false pretenses or the intent to sell, transfer or use identifiable health information for commercial advantage, personal gain or malicious harm.

Further, various states, such as California and Massachusetts, have implemented similar privacy laws and regulations, such as the California Confidentiality of Medical Information Act, that impose restrictive requirements regulating the use and disclosure of health information and other personally identifiable information. These laws and regulations are not necessarily preempted by HIPAA, particularly if a state afford greater protection to individuals than HIPAA. Where state laws are more protective, we have to comply with the stricter provisions. In addition to fines and penalties imposed upon violators, some of these state laws also afford private rights of action to individuals who believe their personal information has been misused. California's patient privacy laws, for example, provide for penalties of up to \$250,000 and permit injured parties to sue for damages. Similarly, the CCPA allows consumers a private right of action when certain personal information is subject to unauthorized access and exfiltration, theft or disclosure due to a business' failure to implement and maintain reasonable security procedures. The interplay of federal and state laws may be subject to varying interpretations by courts and government agencies, creating complex compliance issues for us and data we receive, use and share, potentially exposing us to additional expense, adverse publicity and liability. Further, as regulatory focus on privacy issues continues to increase and laws and regulations concerning the protection of personal information expand and become more complex, these potential risks to our business could intensify. Changes in laws or regulations associated with the enhanced protection of certain types of sensitive data, for the treatment of genetic data, along with increased customer demands for enhanced data security infrastructure, could greatly increase our cost of providing our products, decrease demand for our products, reduce our revenues and/or subject us to additional liabilities.

***Changes in tax laws or regulations that are applied adversely to us or our customers may have an adverse effect on our business, cash flows, financial condition or results of operations.***

We are subject to income and non-income based taxes in the U.S. and various jurisdictions outside the U.S. Our business and financial condition could be adversely affected by changes in federal, state, local or international tax laws, changes in taxing jurisdictions' administrative interpretations, decisions, policies and positions, changes in accounting principles, applicability of withholding taxes, and changes to our business operations. For example, US legislations such as the Tax Act, the Coronavirus Aid, Relief, and Economic Security Act (CARES Act), and the American Rescue Act, made significant changes to the corporate tax rate, the potential realization of net deferred tax assets relating to our operations, taxation of foreign earnings, and deductibility of expenses, and could have a material impact on our financial position or results of operations.

***Our ability to use net operating loss carryforwards and certain tax assets to offset future taxable income or taxes may be subject to certain limitations.***

Our ability to use our net operating losses (NOLs) and certain other tax attributes to offset potential future taxable income and related income taxes that would otherwise be due is dependent upon our generation of future taxable income, and we cannot predict with certainty when, or whether, we will generate sufficient taxable income to use all of our NOLs.

As of December 31, 2020, we had significant U.S. federal and state NOLs due to prior period losses. Under the Tax Act, as modified by the CARES Act, federal NOLs incurred in tax years beginning after December 31, 2017 may be carried forward indefinitely, but the utilization of such federal NOLs arising in taxable years beginning after December 31, 2020 is limited to 80% of current year taxable income. The CARES Act temporarily suspends this 80% taxable income limitation, allowing an NOL carryforward to fully offset taxable income in tax years beginning before 2021. It is uncertain if, and to what extent, various states will conform to the Tax Act or the CARES Act.

In addition, under Section 382 of the Internal Revenue Code of 1986, as amended (the Code), our ability to utilize these NOLs and other tax attributes, such as federal tax credits, in any taxable year may be limited if we have experienced an “ownership change”. Generally, a Section 382 ownership change occurs if one or more stockholders or groups of stockholders who owns at least 5% of a corporation’s stock increases its ownership by more than 50 percentage points over its lowest ownership percentage within a three-year testing period. Similar rules may apply under state tax laws. We completed a Section 382 study of transactions in our stock through December 31, 2020 and concluded that we have experienced ownership changes since inception that we believe under Section 382 of the Code will result in limitations on our ability to use certain pre-change NOLs and credits. In addition, we may experience subsequent ownership changes as a result of future equity offerings or other changes in the ownership of our stock, some of which are beyond our control. As a result, the amount of the NOLs and tax credit carryforwards presented in our financial statements could be limited and, in the case of NOLs generated in tax years beginning on or before December 31, 2017, may expire unused. Any such material limitation or expiration of our NOLs may harm our future operating results by effectively increasing our future tax obligations. Similar provisions of state tax law may also apply to limit the use of accumulated state tax attributes. Regulatory changes, such as suspensions on the use of NOLs, or other unforeseen reasons, may cause our existing NOLs to expire, decrease in value or otherwise be unavailable to offset future income tax liabilities.

***Business disruptions could seriously harm our future revenues and financial condition and increase our costs and expenses.***

Our operations could be subject to earthquakes, power shortages, telecommunications failures, water shortages, floods, hurricanes, typhoons, fires, extreme weather conditions, medical epidemics and other natural or man-made disasters or business interruptions, for which we are predominantly self-insured. Two of our corporate locations are located in California, an area prone to earthquakes and fires. The occurrence of any of these business disruptions could seriously harm our operations and financial condition and increase our costs and expenses. We rely on third-party manufacturers to produce our product candidates. Our ability to obtain clinical supplies of product candidates could be disrupted, if the operations of these suppliers are affected by a man-made or natural disaster or other business interruption, including, for example, the ongoing COVID-19 pandemic.

**Item 2. Unregistered Sales of Equity Securities and Use of Proceeds**

None.

**Item 3. Defaults Upon Senior Securities**

None.

**Item 4. Mine Safety Disclosures**

Not applicable.

**Item 5. Other Information**

None.

**Item 6. Exhibits**

Exhibit No.	Description of Exhibit	Incorporated by Reference				Filed Herewith
		Form	File No.	Exhibit	Filing Date	
3.1	<a href="#">Amended and Restated Certificate of Incorporation of Atara Biotherapeutics, Inc.</a>	S-1	333-196936	3.2	6/20/2014	
3.2	<a href="#">Amended and Restated Bylaws of Atara Biotherapeutics, Inc.</a>	S-1	333-196936	3.4	6/20/2014	
10.1+	<a href="#">Amendment No. 1 to Commercial Manufacturing Services Agreement between Atara Biotherapeutics, Inc., and Cognate BioServices Inc., dated September 1, 2021</a>					X
31.1	<a href="#">Certification by Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</a>					X
31.2	<a href="#">Certification by Principal Financial and Accounting Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</a>					X
32.1(1)	<a href="#">Certifications of Chief Executive Officer and Principal Financial and Accounting Officer pursuant to 18 U.S.C Section 1350 as adopted pursuant to Section 906 of The Sarbanes-Oxley Act of 2002</a>					X
101.INS	Inline XBRL Instance Document – the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document					X
101.SCH	Inline XBRL Taxonomy Extension Schema Document					X
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document					X
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document					X
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document					X
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document.					X
104	The cover page from the Company’s Quarterly Report on Form 10-Q for the quarter ended September 30, 2021, formatted in Inline XBRL.					X

+ Portions of this exhibit have been omitted as being both (i) not material and (ii) the type of information that the registrant treats as private or confidential.

(1) The certifications attached as Exhibit 32.1 accompany this Quarterly Report on Form 10-Q pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, and shall not be deemed “filed” by the Registrant for purposes of Section 18 of the Securities Exchange Act of 1934, as amended.

**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, Atara Biotherapeutics, Inc. has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Date: November 4, 2021

**ATARA BIOTHERAPEUTICS, INC.**

By: /s/ Pascal Touchon  
Pascal Touchon  
President and Chief Executive Officer  
(Duly Authorized Officer and Principal  
Executive Officer)

By: /s/ Utpal Koppikar  
Utpal Koppikar  
Chief Financial Officer  
(Duly Authorized Officer and Principal  
Financial and Accounting Officer)

## AMENDMENT NO. 1 TO COMMERCIAL MANUFACTURING SERVICES AGREEMENT

This Amendment No. 1 to the Commercial Manufacturing Services Agreement (“**First Amendment**”) is made, entered into and effective as of September 1, 2021 (the “**First Amendment Effective Date**”) by and between **ATARA BIOTHERAPEUTICS, INC.**, a Delaware corporation with offices at 611 Gateway Boulevard, Suite 900, South San Francisco, California 94080 (“**Atara**”); and **COGNATE BIOSERVICES INC.**, a Delaware corporation with offices at 4600 East Shelby Drive, Suite 108, Memphis, TN 38118 (“**Manufacturer**”). Each of Atara and Manufacturer are referred to in this First Amendment as a “**Party**” and together, the “**Parties**.” All capitalized terms used, but not otherwise defined herein, shall have the same meaning ascribed to them in the Commercial Services Agreement (as defined below).

### BACKGROUND

**WHEREAS**, the Parties have entered into that certain Commercial Manufacturing Services Agreement (the “**Commercial Services Agreement**”) effective as of January 1, 2020, pursuant to which Atara engaged Manufacturer to perform certain commercial manufacturing services in relation to Atara’s products, as further described in individual work orders entered into thereunder;

**WHEREAS**, the Parties have [[\*\*\*]] have agreed [[\*\*\*]] by amending the Commercial Services Agreement to revise certain terms of the Commercial Services Agreement; and

**WHEREAS**, Section 15.7 of the Commercial Services Agreement provides that the Commercial Services Agreement may only be modified by a writing signed by authorized representatives of each Party.

**NOW, THEREFORE**, the Parties desire, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, to amend the Commercial Services Agreement as set forth in this First Amendment as of the First Amendment Effective Date.

1. Section 14.1 of the Commercial Services Agreement is hereby deleted in its entirety and replaced as follows:

“14.1 **Term**. This Agreement will take effect as of the Effective Date and, unless earlier terminated pursuant to this Article 14, will expire on [[\*\*\*]]. Notwithstanding the termination or expiration of this Agreement, the terms and conditions of this Agreement shall continue to apply to any active or in progress Work Orders until each such Work Order has been completed, expired or otherwise terminated in accordance with the terms herein or therein.”

2. The Commercial Services Agreement is hereby amended by adding a new Section 8.8:

“8.8 [[\*\*\*]]. Notwithstanding anything herein to the contrary, the Parties agree that:

(a) [[\*\*\*]].

(b) [[\*\*\*]].”

For the sake of clarity, [[\*\*\*]].

---

3. This First Amendment is governed by and interpreted in accordance with the laws of the State of New York, U.S.A., without reference to the principles of conflicts of laws. The United Nations Convention on Contracts for the International Sale of Goods shall not apply to the transactions contemplated by this First Amendment. Except as specifically amended by this First Amendment, the terms and conditions of the Commercial Services Agreement shall remain in full force and effect. This First Amendment may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Except to the extent expressly provided herein, the Commercial Services Agreement, as amended by this First Amendment, including all appendices, exhibits and schedules to each of the foregoing, together with all Work Orders executed by the Parties, constitute the entire agreement between the Parties relating to the subject matter of the Commercial Services Agreement and supersede all previous oral and written communications, including all previous agreements, between the Parties.

**[SIGNATURE PAGE TO FOLLOW]**

IN WITNESS WHEREOF, the undersigned have executed this First Amendment as of the last date of party-signature written below.

**ATARA BIOTHERAPEUTICS, INC.**

**COGNATE BIOSERVICES, INC.**

By: /s/ [[\*\*\*]] \_\_\_\_\_

By: /s/ [[\*\*\*]] \_\_\_\_\_

Print Name: [[\*\*\*]] \_\_\_\_\_

Print Name: [[\*\*\*]] \_\_\_\_\_

Title: CEO \_\_\_\_\_

Title: Executive VP \_\_\_\_\_

Date: 9/27/2021 \_\_\_\_\_

Date: 9/24/2021 \_\_\_\_\_

**APPENDIX G**

[[\*\*]]

**CERTIFICATION OF THE CHIEF EXECUTIVE OFFICER****PURSUANT TO****SECURITIES EXCHANGE ACT RULES 13A-14(A) AND 15D-14(A)**

I, Pascal Touchon, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Atara Biotherapeutics, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 4, 2021

/s/ Pascal Touchon

---

Pascal Touchon  
Chief Executive Officer  
(Principal Executive Officer)

**CERTIFICATION OF THE PRINCIPAL FINANCIAL AND ACCOUNTING OFFICER****PURSUANT TO****SECURITIES EXCHANGE ACT RULES 13A-14(A) AND 15D-14(A)**

I, Utpal Koppikar certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Atara Biotherapeutics, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 4, 2021

/s/ Utpal Koppikar

Utpal Koppikar

Chief Financial Officer

(Principal Financial and Accounting Officer)

**CERTIFICATION PURSUANT TO  
18 U.S.C. SECTION 1350,  
AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Atara Biotherapeutics, Inc. (the "Company") on Form 10-Q for the quarter ended September 30, 2021, as filed with the Securities and Exchange Commission (the "Report"), Pascal Touchon, Chief Executive Officer of the Company, and Utpal Koppikar, Chief Financial Officer of the Company, respectively, do each hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: November 4, 2021

/s/ Pascal Touchon

Pascal Touchon  
Chief Executive Officer  
(Principal Executive Officer)

/s/ Utpal Koppikar

Utpal Koppikar  
Chief Financial Officer  
(Principal Financial and Accounting Officer)

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.