Turning Point Therapeutics, Inc.
(Exact name of Registrant as specified in its Charter)

Delaware
(State or other jurisdiction of incorporation or organization)

10628 Science Center Drive, Ste. 200
San Diego, California
(Address of principal executive offices)

46-3826166
(I.R.S. Employer Identification No.)

Registered’s telephone number, including area code: (858) 926-5251

Turnip

The Nasdaq Stock Market LLC

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

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

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

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

Indicate by check mark whether the Registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act 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 ☐

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

Indicate by check mark whether the registrant has filed a report on and attestation to its management’s assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. YES ☒ NO ☐

The aggregate market value of the voting and non-voting common equity held by non-affiliates of the Registrant was $2,411.0 million as of June 30, 2020 (the last trading day of the Registrant’s most recently completed second quarter) based on the closing price of $64.59 as reported on the Nasdaq Global Select Market on such date. Shares of the registrant’s common stock held by executive officers, directors, and their affiliates have been excluded from this calculation. This determination of affiliate status is not necessarily a conclusive determination for other purposes. The number of shares of Registrant’s Common Stock outstanding as of February 23, 2021 was 48,979,903.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Registrant’s definitive proxy statement to be filed with the Securities and Exchange Commission (SEC) subsequent to the date hereof pursuant to Regulation 14A in connection with the Registrant’s 2021 Annual Meeting of Stockholders, are incorporated by reference into Part III of this Annual Report on Form 10-K. Such proxy statement will be filed with the SEC not later than 120 days after the conclusion of the registrant’s fiscal year ended December 31, 2020.
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**SIGNATURES**
Special Note Regarding Forward-Looking Statements

This Annual Report on Form 10-K (Annual Report) may include forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (Securities Act), that relate to future events or our future financial performance and involve known and unknown risks, uncertainties and other factors that may cause our actual results, levels of activity, performance or achievements to differ materially from any future results, levels of activity, performance or achievements expressed or implied by these forward-looking statements. Words such as, but not limited to, “believe,” “expect,” “anticipate,” “estimate,” “intend,” “may,” “plan,” “potential,” “predict,” “project,” “targets,” “likely,” “will,” “would,” “could,” “should,” “continue,” and similar expressions or phrases, or the negative of those expressions or phrases, are intended to identify forward-looking statements, although not all forward-looking statements contain these identifying words. These statements reflect our beliefs and opinions on the relevant subject and are based upon information available to us as of the date of this Annual Report. Although we believe that we have a reasonable basis for each forward-looking statement contained in this Annual Report, we caution you that these statements are based on information that may be limited or incomplete, our projections of the future that are subject to known and unknown risks and uncertainties and other factors that may cause our actual results, level of activity, performance or achievements expressed or implied by these forward-looking statements, to differ. These statements are inherently uncertain and you are cautioned not to unduly rely upon these statements. The sections in this Annual Report entitled “Business,” “Risk Factors,” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” as well as other sections in this Annual Report, discuss some of the factors that could contribute to these differences. These forward-looking statements include, among other things, statements about:

- our plans to research, develop and commercialize our drug candidates, including the timing of our clinical trials of repotrectinib, TPX-0022, and TPX-0046 and our investigational new drug (IND) submission and planned Phase 1/2 clinical trial for TPX-0131;
- the success, cost and timing of our product development activities and clinical trials, including whether the Phase 2 portion of TRIDENT-1 will support the approval of repotrectinib in $ROS1^+$ advanced non-small-cell lung cancer (NSCLC) and $NTRK^+$ advanced solid tumors;
- the impact of the COVID-19 pandemic on our business, operations and financial condition;
- our ability to obtain and maintain regulatory approval for repotrectinib or any of our other current or future drug candidates, and any related restrictions, limitations, and/or warnings in the label of an approved drug candidate;
- our expectations regarding the size of target patient populations for our drug candidates, if approved for commercial use, and any additional drug candidates we may develop;
- our ability to obtain funding for our operations;
- the commercialization of our drug candidates, if approved;
- our ability to attract collaborators with development, regulatory and commercialization expertise;
- our expectations regarding our ability to obtain, maintain, enforce and defend our intellectual property protection for our drug candidates;
- future agreements with third parties in connection with the commercialization of repotrectinib, or any of our other current or future drug candidates;
- the size and growth potential of the markets for our drug candidates, and our ability to serve those markets;
- the rate and degree of market acceptance of our drug candidates, as well as third-party payor coverage and reimbursement for our drug candidates;
- regulatory and legal developments in the United States and foreign countries;
- the performance of our third-party suppliers and manufacturers;
- the success of competing therapies that are or may become available;
- our ability to attract and retain key scientific or management personnel; and
- the accuracy of our estimates regarding expenses, capital requirements and needs for additional financing.
We may not actually achieve the plans, intentions or expectations disclosed in our forward-looking statements, and you should not place undue reliance on our forward-looking statements. Actual results or events could differ materially from the plans, intentions and expectations disclosed in the forward-looking statements we make. We have included important cautionary statements in this Annual Report, particularly in the "Risk Factors" section, that we believe could cause actual results or events to differ materially from the forward-looking statements that we make. Our forward-looking statements do not reflect the potential impact of any future acquisitions, mergers, dispositions, joint ventures or investments we may make.

You should read this Annual Report and the documents that we reference in this Annual Report, completely and with the understanding that our actual future results may be materially different from what we expect. The forward-looking statements contained in this Annual Report are made as of the date of this Annual Report, and we do not assume, and specifically disclaim, any obligation to update any forward-looking statements, whether as a result of new information, future events or otherwise.

This Annual Report also contains estimates, projections and other information concerning our industry, our business and the markets for certain diseases, including data regarding the estimated size of those markets, and the incidence and prevalence of certain medical conditions. Information that is based on estimates, forecasts, projections, market research or similar methodologies is inherently subject to uncertainties and actual events or circumstances may differ materially from events and circumstances reflected in this information. Unless otherwise expressly stated, we obtained this industry, business, market and other data from reports, research surveys, studies and similar data prepared by market research firms and other third parties, industry, medical and general publications, government data and similar sources.

Risk Factors Summary

Our business faces significant risks and uncertainties. If any of the following risks are realized, our business, financial condition and results of operations could be materially and adversely affected. You should carefully review and consider the full discussion of our risk factors in the section titled “Risk Factors” in Part I, Item 1A of this Annual Report. Set forth below is a summary list of the principal risk factors as of the date of the filing this Annual Report:

- We have incurred significant operating losses since our inception and have not generated any revenue from product sales. We expect to incur continued losses for the foreseeable future and may never achieve or maintain profitability.
- We are highly dependent on the success of our lead drug candidate, repotrectinib, which is currently in a Phase 2 potentially registrational clinical trial, and our other drug candidates which are in early clinical development. We have not successfully completed late-stage clinical trials or obtained regulatory approval for any drug candidate. We may never obtain approval for any of our drug candidates or achieve or sustain profitability.
- Drug development involves a lengthy and expensive process. We may incur additional costs or experience delays in completing, or ultimately be unable to complete, the development and commercialization of repotrectinib or our other drug candidates.
- If we experience delays or difficulties in enrolling patients in our ongoing or planned clinical trials, our receipt of necessary regulatory approval could be delayed or prevented.
- The COVID-19 pandemic has impacted our TRIDENT-1 clinical trial and could adversely impact our other clinical trials and business.
- Adverse side effects or other safety risks associated with repotrectinib, TPX-0022 or our other drug candidates could delay or preclude approval, cause us to suspend or discontinue clinical trials or abandon further development, limit the commercial profile of an approved label, or result in significant negative consequences following marketing approval, if any.
- The development and commercialization of pharmaceutical products are subject to extensive regulation, and we may not obtain regulatory approvals for repotrectinib or any other drug candidates, on a timely basis or at all.
- If we are unable to obtain and maintain sufficient patent protection for our drug candidates, or if the scope of the patent protection is not sufficiently broad, third parties, including our competitors, could develop and commercialize products similar or identical to ours, and our ability to commercialize our drug candidates successfully may be adversely affected.

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

We are a clinical-stage precision oncology biopharmaceutical company designing and developing next-generation therapies that target genetic drivers of cancer to improve the lives of patients. We have developed a macrocycle platform from which we designed our current pipeline of proprietary small, compact tyrosine kinase inhibitors (TKIs) with rigid structures that have the potential to bind to their targets with greater precision and affinity than other kinase inhibitors. Our drug discovery approach integrates tumor biology with structure-based drug design and we believe the TKIs generated from our drug discovery platform have the potential to be best-in-class to address unmet needs in TKI naïve and resistance settings.

Repotrectinib

Our lead drug candidate, repotrectinib, is being evaluated in an ongoing Phase 1/2 trial called TRIDENT-1 for the treatment of patients with ROS1+ advanced non-small-cell lung cancer (NSCLC) and patients with NTRK+ advanced solid tumors. The U.S. Food and Drug Administration (FDA) has granted repotrectinib breakthrough therapy designation for the treatment of patients with ROS1+ metastatic NSCLC who have not been treated with a ROS1 TKI. In addition, the FDA has granted orphan drug designation for the development of repotrectinib in patients with advanced NSCLC with adenocarcinoma histology; and three fast track designations for the treatment of (1) NTRK+ advanced solid tumor patients who have been previously treated with one prior line of chemotherapy and one or two prior TRK TKIs, (2) ROS1+ advanced NSCLC patients who have been previously treated with one prior line of platinum-based chemotherapy and one prior line of a ROS1 TKI and (3) ROS1+ advanced NSCLC patients who have not been previously treated with a ROS1 TKI.

Our multi-cohort Phase 2 registrational portion of TRIDENT-1 is ongoing and we plan to conduct the trial in approximately 120 sites in North America, Europe and the Asia-Pacific regions, with additional sites within China. The trial is designed to enroll a total of approximately 320 patients. The Phase 2 portion of TRIDENT-1 is a registrational trial for potential approval in ROS1+ advanced NSCLC and NTRK+ advanced solid tumors. Based on the breakthrough therapy designation for the treatment of patients with ROS1+ metastatic NSCLC who have not been treated with a ROS1 TKI, and the preliminary data in the ROS1 TKI-naïve NSCLC population (EXP-1) we reported in January 2021, we plan to discuss the next steps towards potential registration of repotrectinib in this patient population at a Type B meeting with the FDA in the second quarter of 2021. We anticipate that enrollment in EXP-1 across the Phase 1 and Phase 2 portions of the study will reach 50 patients in the second quarter of 2021. We also anticipate providing clinical data and enrollment updates for other cohorts in the study in the second half of 2021. In addition to the TRIDENT-1 study, we are also conducting a Phase 1/2 study of repotrectinib in pediatric and young adult patients with ALK+, ROS1+ or NTRK+ advanced solid tumors, and plan to initiate the first cohort of a multi arm clinical combination study of repotrectinib in KRAS mutant advanced solid tumors in mid-2021.

TPX-0022

Our Phase 1 SHIELD-1 clinical trial of our MET/SRC/CSF1R inhibitor, TPX-0022, is ongoing in patients with advanced solid tumors harboring genetic alterations in MET. The Phase 1 trial is designed to evaluate the overall safety profile, pharmacokinetics and preliminary efficacy of TPX-0022 and includes a dose-finding portion followed by dose expansion in multiple cohorts of MET alterations and tumor types. We are currently evaluating multiple doses/schedules in the dose-finding portion of the study, with a goal of selecting the recommended Phase 2 dose in the second quarter of 2021. Once the recommended Phase 2 dose is determined, we expect to initiate the Phase 1 dose expansion portion of the study. We plan to discuss the ongoing Phase 1 SHIELD-1 study with the FDA to potentially modify the study into a registrational Phase 1/2 design. We are targeting initiation of the Phase 2 portion of the study in the second half of 2021, pending FDA feedback. We anticipate reporting updated data from the dose finding portion of the SHIELD-1 study in the second half of 2021. In parallel, a combination study with TPX-0022 and an epidermal growth factor receptor (EGFR) targeted therapy in patients with EGFR mutant MET-amplified NSCLC is also planned for initiation in the second half of 2021.

TPX-0046

The Phase 1 dose-finding portion of our Phase 1/2 clinical trial of our RET inhibitor, TPX-0046 in patients with advanced solid tumors harboring RET genetic alterations is ongoing. The trial is designed to enroll TKI-naïve and TKI-pretreated patients with RET-altered non-small-cell lung, thyroid, and other advanced cancers in multiple cohorts to assess safety, tolerability, pharmacokinetics and preliminary clinical activity of TPX-0046, with a targeted enrollment of approximately 50 patients in the Phase 1 dose finding portion, and approximately 300 patients in the Phase 2 expansion
portion at sites in North America, Europe and the Asia-Pacific regions. We are currently evaluating multiple doses/schedules in the dose-finding portion of the study. We anticipate reporting preliminary data from approximately 15 to 20 initial patients in the dose-finding portion of this study in the second quarter of 2021.

**TPX-0131**

Our fourth drug candidate, TPX-0131, is a next-generation preclinical ALK inhibitor. TPX-0131 has been designed with a compact macrocyclic structure and in preclinical studies has been shown to potently inhibit wildtype ALK and numerous ALK mutations, in particular the clinically observed G1202R solvent front mutation, L1196M gatekeeper mutation and G1202R/L1196M compound mutation. Additionally, preclinical in vivo studies have shown that TPX-0131 has significant brain tissue penetration after repeat oral dosing supporting the potential to cross the blood-brain barrier. We plan to present additional preclinical data highlighting TPX-0131’s in vitro and in vivo profile at a medical conference in the second quarter of 2021. We plan to initiate the Phase 1/2 global study of TPX-0131 in TKI-pretreated patients with ALK+ advanced NSCLC, in the second quarter of 2021. The IND submission to the FDA is anticipated in the first quarter of 2021 and the Australian Ethics Committee has already approved the study design.

**Discovery Platform**

Our macrocycle platform is the foundation of our current drug candidate pipeline and we are applying novel small molecule design approaches integrating tumor biology and structure-based drug design to develop a new generation of orally available proprietary TKIs that we believe will have the ability to maintain or enhance inhibition of the targeted kinase in both TKI-naive and TKI-pretreated patients. We plan to present additional preclinical data highlighting TPX-0131’s in vitro and in vivo profile at a medical conference in the second quarter of 2021. We plan to initiate the Phase 1/2 global study of TPX-0131 in TKI-pretreated patients with ALK+ advanced NSCLC, in the second quarter of 2021. The IND submission to the FDA is anticipated in the first quarter of 2021 and the Australian Ethics Committee has already approved the study design.

**DISCOVERY PLATFORM**

Our macrocycle platform is the foundation of our current drug candidate pipeline and we are applying novel small molecule design approaches integrating tumor biology and structure-based drug design to develop a new generation of orally available proprietary TKIs that we believe will have the ability to maintain or enhance inhibition of the targeted kinase in both TKI-naive and TKI-pretreated patients. We anticipate our internal and external exploration of oncology candidates will continue to include kinome targets and other oncogenic signaling proteins and pathways that address high unmet medical needs.

**COVID-19 Pandemic**

We have experienced disruptions to our business operations as a result of the COVID-19 pandemic. Due to the continued evolving and uncertain global impacts of the COVID-19 pandemic, we cannot precisely determine or quantify the impact this pandemic will have on our ongoing business, operations and financial performance. We have established a work-from-home policy for all employees, other than those performing or supporting business-critical activities, such as certain members of our laboratory and facilities staff. While the majority of employees continue to work from home, we continue to evaluate and update this policy based on guidance from federal, state and local government authorities. For our ongoing and planned clinical trials, while we anticipate and have experienced some temporary delays or disruptions due to the COVID-19 pandemic, in particular with respect to activation of additional clinical trial sites and patient enrollment we continue to work closely with our contract research organizations (CROs) and clinical sites as we navigate and seek to mitigate the impact of COVID-19 on our clinical studies and current timelines. Measures we have taken in response to COVID-19, include where feasible, conducting remote clinical trial site activations and data monitoring, enabling patients to have routine tests conducted closer to home, allowing trial sites to evaluate certain patients remotely, in compliance with their local procedures, and direct-to-patient study drug shipping. In addition, we currently have sufficient supply or plans for supply to meet our anticipated clinical development needs for our drug candidates through 2021. However, depending on the length and ultimate impact of the COVID-19 pandemic, our suppliers could be adversely impacted, which may result in delays or disruptions in our current or future supply chain.

We will continue to assess the duration, scope and severity of the COVID-19 pandemic and the existing and potential impacts on our business, operations and financial performance, and we will continue to work closely with our third-party vendors, CROs, collaborators and other parties in order to seek to advance our drug candidate pipeline as quickly as possible, while making the health and safety of our employees and their families, healthcare providers, patients and communities a top priority. Please refer to our Risk Factors in Part I, Item 1A of this Annual Report on Form 10-K for further discussion of risks related to the COVID-19 pandemic.
Our Strategy

Our strategy is to focus on the design, development and commercialization of novel targeted therapies to address unmet medical needs, with the potential to be best-in-class. Key elements of our strategy include:

• Rapidly develop our lead drug candidate, repotrectinib, for the treatment of patients with ROS1+ advanced NSCLC and NTRK+ advanced solid tumors, including those with central nervous system (CNS) disease or CNS metastases and seek global regulatory approvals.

• Expand the market opportunity for repotrectinib by pursuing combination therapies.

• Leverage our extensive expertise in structure-based drug design to expand our pipeline of targeted drug candidates and to develop our candidates as single agent therapies and/or in combinations.

• Evaluate strategic opportunities to accelerate development timelines and enhance the commercial potential of our drug candidates.

• Establish capabilities to effectively commercialize our drug candidates, including by building a targeted, specialty sales force in North America to support the commercialization of repotrectinib and our other drug candidates, if approved.

Overview of Kinases and Current Limitations of Kinase Inhibitors

Kinases are enzymes that respond to external stimuli to modulate numerous activities of cells, such as proliferation, survival and migration. ATP is utilized by kinases for phosphorylation, which triggers a signaling process. This phosphorylation process changes a kinase from an inactive conformation (unphosphorylated kinase) to an active conformation (phosphorylated kinase). A kinase often undergoes substitutions of its original amino acids by other amino acids, also known as a mutation. Kinases maintain a controlled equilibrium between the active and inactive conformations, but activating mutations shift the kinase to favor the active conformation, which can lead to aberrant cell proliferation and thus the development of certain cancers. Aberrant activation of a kinase can also occur if the kinase gene, such as $\text{ROS1}$, $\text{NTRK}$ or $\text{ALK}$, undergoes a genomic rearrangement resulting in fusion to another gene, leading to the constitutive phosphorylation of the fusion kinase and the development of certain cancers.

Kinase inhibitors are designed to occupy the ATP binding site, thereby preventing the binding of ATP. Most conventional kinase inhibitors are much larger than ATP and have extra motifs that extend beyond the ATP pocket of the kinase in order to enable the kinase to have a stronger interaction with the compound than with ATP. During treatment with conventional TKIs, an acquired mutation in the kinase domain often occurs. These mutations change the surface of the kinase and block the occupancy of oversized TKIs at the ATP binding site without impacting the binding of ATP. Two or more mutations in the same protein are referred to as compound mutations.

Based on the orientation of the extra motif, kinase inhibitors can be grouped into two types:

• Type I kinase inhibitors, such as Xalkori (crizotinib), which often have the extra motif extending to the kinase’s open solvent front area. The most common treatment acquired resistance to these inhibitors are solvent front mutations.

• Type II kinase inhibitors, such as Gleevec (imatinib), which have the extra motif extending to the back pocket of the kinase. The most common treatment acquired resistance to these inhibitors are gatekeeper mutations.

TKIs have become an important class of cancer therapies due to their ability to interrupt deregulated kinase signaling that leads to unchecked cell growth and tumor progression. Since 2001, the FDA has approved nearly 50 TKIs for the treatment of cancers. In 2019, TKIs represented approximately $25 billion in worldwide drug sales. Despite the success of this drug class, there remains a significant opportunity for a new generation of TKIs that address the shortcomings of current therapies. These shortcomings include the inability to achieve a response or limited durability of response caused by intrinsic or acquired resistance, and toxicities that limit dosage levels and duration of treatment. Many conventional kinase inhibitors are oversized, with bulky side groups and limited chemical structure diversity, and some are associated with safety issues such as QT prolongation (abnormal electrocardiography) and hepatotoxicity (liver damage). Further, the same class of kinase inhibitors often share many binding similarities and therefore often cannot be sequentially administered to effectively overcome common treatment resistant mutations.

Our Approach
Our macrocycle platform is the foundation of our current drug candidate pipeline and we are applying novel small molecule design approaches integrating tumor biology and structure-based drug design to develop a new generation of orally available proprietary TKIs that we believe will have the ability to maintain or enhance inhibition of the targeted kinase in both TKI-naïve and TKI-pretreated patients. Our strategy in developing our current pipeline was to design small (low molecular weight), compact TKIs with rigid macrocyclic structures that bind inside the ATP pocket of the target kinase. By binding completely inside the ATP pocket, our TKIs can bind to solvent front mutated kinases that sterically exclude conventional TKIs. In addition to potentially addressing resistance that has developed from prior lines of TKI therapy, we believe our TKIs may also prevent or delay the emergence of new resistant mutations. Furthermore, unlike conventional, flat, two-dimensional kinase inhibitor structures, we believe a rigid structure enables our TKIs to target the selected kinases in a highly potent, precise and efficient manner, which provides a base for a favorable kinase selectivity profile. Our approach to the discovery of potentially new and differentiated drug candidates is to use a methodology anchored by our structure-based drug design expertise, coupled with a disciplined chemistry approach and enabling biology. Our strategy is to study our current and future potential pipeline candidates as both single agents and in combinations that are supported by strong biologic rationale for synergy between the combined agents, while focusing on key areas of unmet medical need.

As a precision oncology company, we seek to identify actionable targets from the molecular profiling of tumors and develop drug candidates with the potential to become best-in-class targeted therapies. Under this approach, well-documented or novel genomic alterations may be targeted to more precisely treat a range of solid tumors, including multiple variations of non-small cell lung cancer. Precision medicine is supported by advances in molecular diagnostic testing and next generation sequencing, which have enhanced the ability of physicians to identify patients who are more likely to benefit from targeted therapies. In addition, molecular targets have been shown to develop resistance over time, creating an opportunity for the development of new therapeutic options to evolve treatment paradigms.

Our Pipeline

We are leveraging our macrocycle platform and applying our expertise in structure-based drug design to develop a pipeline of highly potent proprietary TKI drug candidates that are differentiated from existing kinase inhibitors and that we believe have the potential to be best-in-class. We currently have worldwide development and commercialization rights to all of our drug candidates, other than the rights licensed to Zai for repotrectinib and TPX-0022 in Mainland China, Hong Kong, Macau and Taiwan. The following chart summarizes our product pipeline.

<table>
<thead>
<tr>
<th>Repotrectinib (ROS1/TRK)</th>
<th>Discovery</th>
<th>Preclinical</th>
<th>Early Stage Clinical Development</th>
<th>Late Stage Clinical Development</th>
</tr>
</thead>
<tbody>
<tr>
<td>TRIDENT-1: Advanced NSCLC (ROS1) and solid tumors (NTRK)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pediatric advanced solid tumors</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>TRIDENT-2: KRAS-targeting combination</td>
<td></td>
<td></td>
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<td></td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>TPX-0022 (ME7)</th>
<th>Discovery</th>
<th>Preclinical</th>
<th>Early Stage Clinical Development</th>
<th>Late Stage Clinical Development</th>
</tr>
</thead>
<tbody>
<tr>
<td>SHIELD-1: Advanced solid tumors</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>SHIELD-2: EGFR combination</td>
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<table>
<thead>
<tr>
<th>TPX-0046 (RET)</th>
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</thead>
<tbody>
<tr>
<td>Advanced solid tumors</td>
<td></td>
<td></td>
<td></td>
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</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>TPX-0131 (ALK)</th>
<th>Discovery</th>
<th>Preclinical</th>
<th>Early Stage Clinical Development</th>
<th>Late Stage Clinical Development</th>
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</thead>
<tbody>
<tr>
<td>Advanced NSCLC</td>
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</table>

<table>
<thead>
<tr>
<th>Discovery Programs</th>
<th>Multiple Oncology Targets</th>
<th>Discovery</th>
<th>Preclinical</th>
<th>Early Stage Clinical Development</th>
<th>Late Stage Clinical Development</th>
</tr>
</thead>
</table>
The table below reflects the estimated biomarker frequency of the mutations targeted across the indications related to our current pipeline and the corresponding estimated number of patients in the United States, United Kingdom, France, Germany, Spain and Italy (EU5); and Japan and China.

<table>
<thead>
<tr>
<th>Repotrectinib</th>
<th>TPX-0022</th>
<th>TPX-0046</th>
<th>TPX-0131</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Advanced</td>
<td>Advanced</td>
<td>EGFR</td>
</tr>
<tr>
<td></td>
<td>NSCLC</td>
<td>NSCLC</td>
<td>Mutant</td>
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<tr>
<td>U.S. Patients</td>
<td>140,000</td>
<td>140,000</td>
<td>15,000</td>
</tr>
<tr>
<td>EU5 Patients</td>
<td>140,000</td>
<td>140,000</td>
<td>30,000</td>
</tr>
<tr>
<td>Japan and</td>
<td>540,000</td>
<td>540,000</td>
<td>340,000</td>
</tr>
<tr>
<td>China Patients</td>
<td>2,045,000</td>
<td>215,000</td>
<td></td>
</tr>
<tr>
<td>Biomarker</td>
<td>2%</td>
<td>3-4%</td>
<td>3-5%</td>
</tr>
<tr>
<td>Frequency</td>
<td>(ROS1)</td>
<td>(MET Exon 14)</td>
<td>(MET Amplified)</td>
</tr>
</tbody>
</table>

Epidemiology data are based on projected new cancer cases in the applicable advanced solid tumors from the National Cancer Institute’s SEER database and GLOBOCAN 2018 (accessed 2020), and estimates from the American Cancer Society of the incidence of NSCLC in lung cancer cases. Biomarker frequency based on published literature.

**Repotrectinib**

We are developing our lead drug candidate, repotrectinib, an orally administered TKI, for the treatment of both TKI-naïve and TKI-pretreated patients with \(\text{ROS1}^+\) advanced NSCLC and \(\text{NTRK}^+\) advanced solid tumors. Repotrectinib is being evaluated in an ongoing Phase 1/2 trial called TRIDENT-1 for the treatment of patients with \(\text{ROS1}^+\) advanced NSCLC and patients with \(\text{NTRK}^+\) advanced solid tumors. The FDA has granted repotrectinib breakthrough therapy designation for the treatment of patients with \(\text{ROS1}^+\) metastatic NSCLC who have not been treated with a \(\text{ROS1}^+\) TKI. In addition, the FDA has granted orphan drug designation for the development of repotrectinib in patients with advanced NSCLC with adenocarcinoma histology; and three fast track designations for the treatment of (1) \(\text{NTRK}^+\) advanced solid tumor patients who have been previously treated with one prior line of chemotherapy and one or two prior TRK TKIs, (2) \(\text{ROS1}^+\) advanced NSCLC patients who have been previously treated with one prior line of platinum-based chemotheraphy and one prior line of a \(\text{ROS1}^+\) TKI and (3) \(\text{ROS1}^+\) advanced NSCLC patients who have not been previously treated with a \(\text{ROS1}^+\) TKI. We currently have worldwide development and commercialization rights for repotrectinib, other than the rights licensed to Zai in Mainland China, Hong Kong, Macau and Taiwan.

The multi-cohort Phase 2 registrational portion of TRIDENT-1 is ongoing and we plan to conduct the Phase 2 portion of the trial in approximately 120 sites in North America, Europe and the Asia-Pacific regions, with additional sites within China. The trial is designed to enroll a total of approximately 320 patients.
There are currently two approved TKIs for each of the patient populations targeted by repotrectinib. Xalkori (crizotinib) and Rozlytrek (entrectinib) are approved for patients with metastatic \( \text{ROS1}^+ \) NSCLC, and Vitrakvi (larotrectinib) and Rozlytrek (entrectinib) have received accelerated approval for patients with metastatic solid tumors that have an \( \text{NTRK}^+ \) gene fusion (\( \text{NTRK}^+ \) advanced solid tumors) without a known acquired resistant mutation. Existing TKIs can show susceptibility to acquired mutations, and toxicities that can limit duration of treatment. In addition, crizotinib has limited activity within the CNS. There continues to be a high unmet medical need to develop novel therapies that can overcome intrinsic and acquired resistance, treat brain metastases, and prolong duration of response, with a more tolerable overall safety profile.

Repotrectinib is a small (low molecular weight), macrocyclic TKI of ROS1, TRK, and ALK. Repotrectinib was designed to efficiently bind with the active kinase conformation and avoid steric interference from a variety of clinically resistant mutations, especially the solvent front and gatekeeper mutations of the ROS1 and TRK kinases. Repotrectinib has a rigid structure and is smaller than currently approved ROS1, TRK and ALK inhibitors. The rigid structure enables repotrectinib to precisely and efficiently bind to its oncogenic targets with a desirable selectivity profile. We believe the inhibition of JAK2, SRC and FAK may lead to a longer duration of response for patients treated with repotrectinib.

**TRIDENT-1 Phase 1/2 Trial**

The Phase 1, dose escalation portion of TRIDENT-1, included three parts: Phase 1a (completed, \( n=44 \)); Phase 1b (completed, \( n=28 \)); and Phase 1c (completed, \( n=21 \)). In June 2019, we initiated the Phase 2 registrational portion of TRIDENT-1, a single-arm clinical trial in approximately 320 total patients with \( \text{ROS1}^+ \) advanced NSCLC and \( \text{NTRK}^+ \) advanced solid tumors. The primary objective of the Phase 1 portion of TRIDENT-1 was to determine the maximum tolerated dose (MTD), and a recommended Phase 2 dose of repotrectinib. The safety endpoints of the Phase 1 portion included evaluating the DLTs and adverse events. The secondary endpoint of the Phase 1 portion was confirmed objective response rate (ORR) by blinded independent radiology review (BICR), using RECIST v1.1.

Key inclusion criteria include: histologically or cytologically confirmed diagnosis of locally advanced or metastatic solid tumors, including non-Hodgkin Lymphoma (Stage IV, as classified by AJCC v.7) that harbor an ALK, \( \text{ROS1} \), \( \text{NTRK1} \), \( \text{NTRK2} \), or \( \text{NTRK3} \) gene fusion determined by local testing; Eastern Cooperative Oncology Group (ECOG) Performance Status 0-1 (able to conduct full (0) or light (1) daily activities); Age ≥ 18; prior chemotherapy and/or immunotherapy permitted; at least one measurable target lesion (including central nervous system only) according to RECIST v1.1. Key exclusion criteria include: symptomatic brain metastases; major cardiovascular history in the past six months; or history of prolonged QTc interval.

Solid tumors are measured by CT or MRI scan, as assessed according to RECIST v1.1, at baseline, at the end of the second cycle, after every two cycles up to cycle 18, and then every three cycles up to cycle 36. If an initial response is determined, confirmation of response requires a subsequent CT or MRI scan, generally four weeks later.

**Preliminary Clinical Data From TRIDENT-1**

**Phase 1 Data Reported in September 2019**

In September 2019, we reported preliminary safety, tolerability and efficacy data with repotrectinib in patients with \( \text{ROS1}^+ \) advanced NSCLC, utilizing the July 22, 2019 data cutoff, with a median follow-up of 20.1 months (range: 5.3 to 24.9+). As of the July 22, 2019 data cut-off, a total of 93 patients had been dosed, 23 patients were still on treatment, and the MTD had not been reached. Of the 93 patients, 40 of 52 with \( \text{ROS1}^+ \) advanced NSCLC and five of 10 with \( \text{NTRK}^+ \) advanced solid tumors were evaluable by BICR. All patients received at least one dose of repotrectinib across nine dose cohorts ranging from 40 mg QD to 200 mg BID.

The median age of these 40 \( \text{ROS1}^+ \) advanced NSCLC evaluable patients was 57.0 years (range, 30 to 79), 65% were female, and 53% were Asian. CNS metastases were reported in 20 (50%) at baseline. The median number of prior ROS1 TKIs in the 29 (73%) pretreated patients was one (range, one to three). Of the 29 patients, 18 were treated with one prior TKI (of which 12 were treated with crizotinib), seven were treated with two prior TKIs, and four were treated with three prior TKIs. There were 34 (85%) patients treated with at least one prior chemotherapy.

- **TKI-naïve \( \text{ROS1}^+ \) advanced NSCLC evaluable population (\( n=11 \)):**
  - confirmed ORR by BICR of 91% (10/11) (95% CI: 59–100) with a median duration of response (DOR) of 23.1 months (95% CI: 5.6–NR) (based on Kaplan-Meier estimation). The probability of patients with a DOR ≥ 9 months, ≥ 12 months and ≥ 18 months was 78%, 65%, and 65%, respectively.
Also, repotrectinib showed a median progression-free survival (PFS) of 24.6 months (95% CI: 7.2–NR). The clinical benefit rate (CBR), including those who achieved stable disease for at least two cycles or a confirmed partial or complete response, was 100% (11/11) (95% CI, 72 to 100).

- three patients had measurable CNS metastases, and of the three patients, the confirmed IC-ORR was 100% (3/3) (95% CI, 29 to 100), with all three patients with measurable CNS metastases also achieving a confirmed extracranial response. Of these three patients, two remained in a response 14.8+ and 17.6+ months at the time of the data cut-off and one patient progressed at 23.1 months but remained on treatment for 25.7+ months at the time of the data cut-off.

- TKI-pretreated ROSI+ advanced NSCLC evaluable population (n=29, which includes patients with up to three prior TKIs):
  - In ROSI+ advanced NSCLC patients treated with one prior TKI, the confirmed ORR was 39% (7/18) (95% CI, 17 to 64). At our Phase 2 dose of 160 mg QD or above, 55% (6/11) of patients previously treated with one prior ROSI TKI achieved a confirmed PR. Additionally, 57% (4/7) of patients previously treated with one prior platinum-based chemotherapy regimen and one prior ROSI TKI at our Phase 2 dose of 160 mg QD or above achieved a confirmed PR.
  - Of the seven patients treated with two prior TKIs, two (29%) (95% CI, 4 to 71) achieved a confirmed PR.
  - At the time of the data cut-off, of the nine responders within the ROSI+ TKI pretreated patient population, two patients had DORs of 4.4 and 13.0 months and despite progression, remained on treatment for 21.2 and 22.0 months, respectively. Two patients were censored early despite remaining in response at the time of discontinuing treatment (one due to clinical progression and one due to withdrawal of consent). The remaining five patients have DORs ranging from 3.7+ months to 11.1 months and remained on treatment ranging from 5.5+ months to 19.3+ months.
  - Four out of five TKI-pretreated patients with measurable CNS disease at baseline were treated with one prior TKI and the confirmed IC-ORR in these patients was 75% (3/4) (95% CI, 19 to 99), with 80% (4/5) of patients treated with any number of prior TKIs showing tumor regressions.
  - Of the 40 evaluable patients with ROSI+ advanced NSCLC who received treatment with repotrectinib, 45% (18/40) remained on treatment as of the July 22, 2019 data cut-off. The primary reason for treatment discontinuation was radiologic or clinical disease progression (18 patients). Two patients discontinued repotrectinib due to an adverse event; one was a DLT of Grade 3 hypoxia and dyspnea at a dose of 160 mg BID and the other was a patient with ROSI+ NSCLC initially treated at 120 mg QD who escalated to 160 mg BID due to disease progression 30 days prior to the event of Grade 5 treatment emergent adverse event (TEAE) of respiratory failure reported as related to disease progression and not treatment related.

Repotrectinib was generally well tolerated. The most frequent TEAEs were Grade 1 or 2. The TEAEs reported in >25% of patients were dizziness (58%), dysgeusia (48%), anemia (30%), constipation (30%), dyspnea (29%), and paresthesia (29%). There were few Grade 3 treatment-related AEs (anemia (n=3); dizziness (n=3); and dyspnea, hypophosphatemia, hypoxia, lymphopenia, pleural effusion, syncope and weight increase (all n=1)), and no Grade 4 treatment-related AEs or cases of dizziness leading to treatment discontinuation.

**Interim Phase 2 Data and Updated Phase 1 Data, Reported in August 2020**

On August 19, 2020, we reported early interim data from the Phase 2 portion of TRIDENT-1, utilizing a July 10, 2020 data cutoff, in the first 39 treated patients who had at least one post-baseline scan as of the data cutoff date. Responses were confirmed with a subsequent scan at least 28 days later per RECIST v1.1 and were determined by physician assessment. Patients were enrolled across six countries. Across all cohorts reported, median follow-up was 3.6 months (range: 0.4 – 7.4+), and median duration of treatment was 3.7 months (range: 0.7-8.2+).

- In the ROSI-positive TKI-naïve NSCLC population (EXP-1: n=7), six patients achieved a confirmed response for an ORR of 86%. The duration of response ranged from 0.9+ to 2.0+ months and all patients who achieved a response remained in a response at the time of the data cutoff.
In the **ROS1**+ NSCLC population pretreated with one prior TKI with prior chemotherapy (EXP-2: n=5), two patients achieved a confirmed response for an ORR of 40%, including our first confirmed complete response, or cCR, in a patient with a documented G2032R solvent front mutation after prior treatment with entrectinib. The durations of response were 4.5 and 5.6+ months at the time of the data cutoff.

In the **ROS1**+NSCLC population pretreated with one prior TKI without prior chemotherapy (EXP-4: n=6), four patients achieved a confirmed response for an ORR of 67%. The duration of response ranged from 1.0+ to 5.7+ months with all four patients remaining in a response at the time of the data cutoff.

In the **ROS1**+NSCLC population pretreated with two prior TKIs without prior chemotherapy (patients enrolled under the initial protocol and analyzed for efficacy in a separate cohort, EXP-Other: n=5) two patients achieved a confirmed response for an ORR of 40%. Both patients remained in a response with a duration of 1.9+ months at the time of the data cutoff. No objective responses were observed within the **ROS1**+ NSCLC population pretreated with two prior TKIs with prior chemotherapy, a heavily pretreated fourth-line patient population (EXP-3: n=10), yet five patients achieved stable disease.

In the **NTRK**+ TKI-pretreated patients with advanced solid tumors (EXP-6: n=6), three patients achieved a confirmed response for an ORR of 50%. The duration of response ranged from 1.7+ to 3.6+ months with all three patients remaining in a response at the time of the data cutoff.
Data pooled from the Phase 1 (patients dosed at or above the Phase 2 dose) and Phase 2 portions of the TRIDENT-1 study are summarized in the table below.

<table>
<thead>
<tr>
<th>TRIDENT-1 Study of Repotrectinib (Phase 2 Cohorts)</th>
<th>Phase 1 + 2 TRIDENT-1 Data Combined (Phase 1 patients dosed at or above the Phase 2 dose)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>ORR</td>
</tr>
<tr>
<td><strong>ROS1+ TKI-Naive (EXP-1)</strong></td>
<td>86%</td>
</tr>
<tr>
<td><strong>ROS1+ TKI-Pretreated 1-prior TKI, with prior platinum-based chemotherapy (EXP-2)</strong></td>
<td>50%</td>
</tr>
<tr>
<td><strong>ROS1+ TKI-Pretreated 1-prior TKI without prior platinum-based chemotherapy (EXP-4)</strong></td>
<td>67%</td>
</tr>
<tr>
<td><strong>ROS1 TKI-Pretreated 2-prior TKIs, without prior platinum-based chemotherapy ¹ (EXP-Other)</strong></td>
<td>33%</td>
</tr>
<tr>
<td><strong>NTRK TKI-Pretreated (EXP-6)</strong></td>
<td>43%</td>
</tr>
</tbody>
</table>

¹ Represents the modified EXP-3 cohort of patients previously treated with 2 prior TKIs without prior chemotherapy.

Repotrectinib was generally well tolerated. The majority of TEAEs were Grade 1 or 2. The TEAEs (of any Grade) found in greater than 25 percent of patients were dizziness (62%), fatigue (39%), constipation (33%), dysgeusia (33%), and dyspnea (28%). There were no cases of dizziness leading to treatment discontinuation. The majority of treatment related adverse events (TRAEs) were Grade 1 or 2. There were no Grade 4 or Grade 5 TRAEs.

Data Presented at the International Association for the Study of Lung Cancer 2020 World Conference on Lung Cancer

On January 29, 2021, we reported updated preliminary interim efficacy data from the Phase 2 portion of TRIDENT-1, utilizing a December 31, 2020 data cutoff, in 15 ROS1+ TKI-naïve NSCLC patients, who had at least 2 post-baseline scans evaluated by physician assessment, pooled with 7 patients from the Phase 1 portion of the study dosed at or above the Phase 2 dose. The interim safety update included a total of 185 patients from the Phase 1 and Phase 2 portions of the study utilizing an October 30, 2020 cutoff date.
As of January 29, 2021, there were approximately 40 ROS1+ TKI-naïve NSCLC patients enrolled in the Phase 1 and Phase 2 portions of the TRIDENT-1 study, who were dosed at or above the Phase 2 dose. As of the December 31, 2020 cutoff date:

- 14 of 15 patients treated in the Phase 2 portion of TRIDENT-1 achieved a confirmed ORR of 93% (95% CI: 68-100). At the time of the data cutoff, the one non-responder remained on treatment, and in stable disease with a 13% tumor reduction. In addition, one of the 14 patients in a partial response at the time of the data cutoff date has since achieved a confirmed complete response.

- Duration of response ranged from 1.25+ to 7.4+ months, and the duration of treatment ranged from 3.7+ to 10.9+ months with 14 of the 15 patients remaining on treatment. As of the data cutoff date, one additional patient (not included in the confirmed ORR calculation) had an unconfirmed partial response and was on treatment awaiting a confirmatory scan.

- 20 of 22 patients pooled from Phase 1 and Phase 2 achieved a confirmed ORR of 91% (95% CI: 71-99). In the 7 patients from the Phase 1 portion dosed at or above the Phase 2 dose, duration of treatment ranged from 10.9 to 37.3 months with a median of 30.9 months, with 4 patients receiving treatment for longer than 30 months. 2 of the 7 patients remained on treatment as of the data cutoff.

**Phase 1 and Phase 2 Interim Safety Data as of October 30, 2020**

- In 185 patients treated in the Phase 1 and Phase 2 portions of the TRIDENT-1 study, repotrectinib was generally well tolerated with most TRAEs reported as Grade 1 or 2.

- As shown in the table below, TEAEs found in greater than 15 percent of patients were dizziness (58%), dysgeusia (43%), constipation (32%), dyspnea (31%), fatigue (27%), paresthesia (25%), anemia (22%), nausea (20%) and muscular weakness (16%).

- There were 4 cases of Grade 3 dizziness (2%); and no cases of dizziness have led to treatment discontinuation. Dose modifications due to TEAEs were infrequent, including 18% that led to dose reduction and 9% that led to drug discontinuation.

- There were no Grade 4 or Grade 5 TRAEs.
<table>
<thead>
<tr>
<th>Adverse event, n (%)</th>
<th>TEAEs (≥15% of patients)</th>
<th>TRAEs</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>All grades</td>
<td>Grade 3</td>
</tr>
<tr>
<td>Dizziness</td>
<td>108 (58.4)</td>
<td>4 (2.2)</td>
</tr>
<tr>
<td>Dysgeusia</td>
<td>80 (43.2)</td>
<td>–</td>
</tr>
<tr>
<td>Constipation</td>
<td>60 (32.4)</td>
<td>–</td>
</tr>
<tr>
<td>Dyspnea</td>
<td>58 (31.4)</td>
<td>13 (7.0)</td>
</tr>
<tr>
<td>Fatigue</td>
<td>50 (27.0)</td>
<td>3 (1.6)</td>
</tr>
<tr>
<td>Paresthesia</td>
<td>47 (25.4)</td>
<td>–</td>
</tr>
<tr>
<td>Anemia</td>
<td>41 (22.2)</td>
<td>15 (8.1)</td>
</tr>
<tr>
<td>Nausea</td>
<td>37 (20.0)</td>
<td>2 (1.1)</td>
</tr>
<tr>
<td>Muscular weakness</td>
<td>30 (16.2)</td>
<td>3 (1.6)</td>
</tr>
</tbody>
</table>

**Repotrectinib Clinical Development Plan**

The ongoing Phase 2 portion of TRIDENT-1 is our single-arm clinical trial in approximately 320 total patients to support the registration of repotrectinib in patients with ROS1+ advanced NSCLC and NTRK+ advanced solid tumors. The trial is evaluating repotrectinib as a single agent at the recommended Phase 2 dose and is enrolling patients across six patient expansion cohorts with ROS1+ advanced NSCLC (EXP-1, EXP-2, EXP-3 and EXP-4), and NTRK+ advanced solid tumors (EXP-5 and EXP-6). The trial design for the Phase 2 portion of TRIDENT-1 is illustrated in the following figure.

All patients in the Phase 2 portion of TRIDENT-1 receive repotrectinib orally at a starting dose of 160 mg QD for the first 14 days of treatment, after which the dose may be increased to 160 mg BID based on patient tolerability, for 28 consecutive days in repeated four-week cycles. The primary objective is to determine the confirmed ORR based on BICR as assessed by RECIST v1.1. Patients are evaluated by either CT or MRI every two cycles and responses will be confirmed approximately four weeks after initial response determination. A CT or MRI scan will be performed at the end of treatment. Patients are able to continue treatment after documented disease progression, provided the patient is deriving clinical benefit. Patients discontinuing study treatment will enter the survival follow-up period and remain on trial until death, loss of follow-up, or withdrawal of consent, whichever occurs first. The key secondary objectives of the trial include intracranial tumor response and duration of response. In December 2018, we completed an End of Phase 1 Meeting with the FDA during which we received feedback on TRIDENT-1 and guidance on the design of the Phase 2 portion:

- **EXP-1.** The current single-arm design could support either accelerated or standard approval. A minimum duration of follow up of at least 12 months from the onset of response for all responding patients would be required to support standard approval.
EXP-2 and EXP-3. The current single-arm design could support accelerated approval in the context of available therapy at the time of submission.

EXP-4. This cohort has been revised since the End of Phase 1 Meeting with the FDA.

EXP-5 and EXP-6. The current single-arm design could support approval with a minimum of five distinct tumor types evaluated. A minimum duration of follow up of at least 12 months from the onset of response for all responding patients would be required.

Potential approval by the FDA will be based on the totality of the evidence related to ORR and duration of response, as well as overall risk-benefit assessment in the context of available therapy.

In August 2020, we reported additional feedback received from the FDA, and modifications we have since made to the TRIDENT-1 study design, that may provide a faster path to potential approval for repotrectinib. The FDA reiterated, among other points, that the adequacy of the data to support approval will depend upon the observed ORR and the duration of response assessed in the context of available therapy in a risk-benefit analysis during new drug application (NDA) review. Study design modifications and FDA feedback include the following:

- Phase 2 cohort sample sizes to support potential approval may include Phase 1 patients treated at the recommended Phase 2 dose.

- In the EXP-2 Cohort (ROS1 TKI-Pretreated with one prior TKI and one platinum-based regimen), the sample size is decreased from previous target of 100 patients to 60 total patients with one formal interim analysis after approximately 30 patients. A minimum duration of follow up of 6 months from the last response may be sufficient to support approval.

- In the EXP-4 Cohort (ROS1 TKI-Pretreated with one prior TKI and no prior chemotherapy), the sample size is increased to a target of 60 patients with one formal interim analysis after approximately 30 patients. Previously, EXP-4 was an exploratory cohort in this patient population. A minimum duration of follow up of 6 months from the last response may be sufficient to support approval.

- In the EXP-5 and EXP-6 Cohorts (TRK TKI-Naïve and TKI-Pretreated), a minimum of 9 months and 6 months of follow up, respectively, from the last response may be sufficient to support approval.

Based on the breakthrough therapy designation for the treatment of patients with ROS1 + metastatic NSCLC who have not been treated with a ROS1 TKI, and the preliminary data in EXP-1 we reported in January 2021, we plan to discuss the next steps towards potential registration of repotrectinib in this patient population at a Type B meeting with the FDA in the second quarter of 2021. We also anticipate providing clinical data and enrollment updates for other cohorts in the study in the second half of 2021.

**Companion Diagnostic**

We have developed a prototype companion diagnostic that is being used as a clinical trial assay to confirm the presence of ROS1+ or NTRK+ gene fusions in patients enrolled in the Phase 2 portion of TRIDENT-1. We received investigational device exemption from the FDA for our clinical trial assay, in May 2019, which allows its use as an investigational device in the Phase 2 portion of TRIDENT-1 and supports a potential future pre-market approval (PMA) application to the FDA. We are also enrolling patients into the Phase 2 portion of TRIDENT-1 based on the results of select laboratory developed tests (LDTs) and other tests used by the clinical sites.
**Pediatric Strategy**

Beyond TRIDENT-1, we are conducting an open-label Phase 1/2 single arm, multi-center, dose-escalation, safety and pharmacokinetics clinical trial of repotrectinib in pediatric and young adult patients with ALK+ and/or ROS1+ and/or NTRK+ advanced solid tumors. The Phase 1 portion of this trial is a dose finding study in patients aged <12 years old. The Phase 2 portion is designed to enroll patients into 3 separate cohorts based on the identified oncogenic driver and prior treatment, (1) NTRK+ TKI-naïve, (2) NTRK+ TKI-pretreated and (3) Other NTRK, ALK, ROS1 genetic alterations not otherwise specified.

**Combination Strategy**

We believe our preliminary safety data and antitumor activity from TRIDENT-1 support pursuing combination therapies for repotrectinib. Preclinical studies have shown that repotrectinib inhibits JAK2, SRC, and FAK, which leads to modulation of Signal Transducer and Activator of Transcription 3 (STAT3) signaling, one of the major signaling pathways for both intrinsic and acquired treatment resistance. The combination of repotrectinib with a KRAS G12C inhibitor showed preclinical synergy inhibiting KRAS G12C tumor cell proliferation, suppressing receptor tyrosine kinase upregulation and reducing KRAS G12C tumor cell cytokine release. The combination of repotrectinib with a KRAS G12C inhibitor in vivo showed significantly increased survival in a lung model (H2122, G12C) relative to each agent given alone. The combination of repotrectinib with a MEK inhibitor showed preclinical synergy in mutant KRAS NSCLC, colorectal cancer and pancreatic cancer cell lines as well as demonstrating enhanced activity in vivo. These results suggest that the combination of repotrectinib with a MEK inhibitor can repress the mutant KRAS signaling network to achieve more potent and durable anti-tumor activity. Based on our preclinical studies of repotrectinib in combination with investigational and approved agents targeting KRAS-driven solid tumors we plan to initiate a multi-arm Phase 2 combination study in mid-2021 evaluating repotrectinib in combination with other agent(s) in patients with KRAS-mutant advanced solid tumors. The planned trial is a Phase 1b/2 multi-center, open-label study to evaluate the safety, tolerability, pharmacokinetics, and efficacy of repotrectinib in combination with anticancer therapies in multiple cohorts, for the treatment of subjects with advanced KRAS-mutant solid tumors. Each cohort is designed to consist of a Phase 1b dose finding portion and a Phase 2 dose expansion portion. We plan to present additional preclinical data highlighting repotrectinib’s combination potential in KRAS-mutant disease at a medical conference in the second quarter of 2021.

**TPX-0022—A Novel MET/SRC/CSF1R Inhibitor**

**Background**

We are developing TPX-0022, our MET/SRC/CSF1R orally administered TKI, for the treatment of both TKI-naïve and TKI-pretreated patients with advanced solid tumors harboring genetic alterations in MET. Our ongoing Phase 1 SHIELD-1 clinical trial of TPX-0022 is designed to evaluate the overall safety profile, pharmacokinetics and preliminary efficacy of TPX-0022. We currently have worldwide development and commercialization rights for TPX-0022, other than the rights licensed to Zai in Mainland China, Hong Kong, Macau and Taiwan.

MET alterations are well documented in multiple solid tumors, notably NSCLC and gastrointestinal cancers such as gastric and colorectal. Three to 4% of NSCLC are estimated to be driven by MET exon 14 skipping mutations, and up to 6% are estimated to be driven by MET amplification. It is also estimated that approximately 15-20% of patients with EGFR driven NSCLC will develop resistance due to MET amplification following treatment with an EGFR TKI. In addition, 3-5% of gastric cancers are estimated to be driven by MET amplification. There are currently two FDA approved MET TKIs, Tabrecta (capmatinib) and Tepmetko (tepotinib), for NSCLC patients with MET exon 14 skipping mutations. There continues to be a high unmet medical need to develop novel therapies for MET driven disease that can prolong duration of response for MET exon 14 skipping NSCLC with a more tolerable overall safety profile, and for MET amplification in NSCLC and other tumor types where there are no approved therapies.

TPX-0022 is a multi-targeted orally bioavailable Type I TKI with a novel macrocyclic structure that potently inhibits MET, SRC and CSF1R, in preclinical assays. MET is a receptor tyrosine kinase. Hepatocyte growth factor (HGF) is the high-affinity natural ligand of MET. MET alterations, including point mutations, amplifications, fusions, exon 14 skipping, and the generation of HGF-MET autocrine loops have been reported in many cancers.

SRC and STAT3 can act cooperatively as upstream regulators of HGF expression, resulting in establishment of an HGF autocrine/paracrine loop, signal amplification, and an invasive phenotype. SRC inhibition may have the potential to reduce or abolish the upregulation of HGF via the modulation of STAT3 signaling. Targeting CSF1R (colony stimulating factor 1 receptor) leads to the modulation of tumor associated macrophages (TAMS), which is a promising therapeutic strategy for TPX-0022 as a single agent or in combination with standard of care chemotherapy and immunotherapy in various
solid tumors. Macrophages are cells in the immune system that generally detect and destroy diseased cells. TAMs, however, are macrophages that have a tumor-promoting function based on their capacity to secrete growth factors and suppress the immune system. Survival of TAMs is mediated by signaling through CSF1R. In addition, autocrine and paracrine upregulation of HGF can limit the likelihood of response and duration of response achieved with the current investigational MET inhibitors in the clinic.

Preclinical data demonstrates that TPX-0022 can reprogram tumor associated macrophages as well as support antigen presentation and activation of T cells within the tumor microenvironment (TME). This unique profile engaging autocrine signaling pathways is expected to more effectively suppress CSF1R/MET mediated signaling in tumor cells and the stroma which can contribute to tumor invasiveness and metastasis. We plan to present additional preclinical data highlighting TPX-0022’s effects on the tumor microenvironment at a medical meeting in the second quarter of 2021.

**SHIELD-1 Phase 1 Trial**

TPX-0022 is currently being evaluated in an ongoing Phase 1 study called SHIELD-1 for the treatment of patients with advanced solid tumors harboring genetic alterations in MET, which was initiated in July 2019. MET genetic alterations —exon 14 skipping, amplification, fusion or oncogenic kinase domain mutations — are assessed by local testing. The dose finding portion of the study employs a 3+3 design with plans to move to dose expansion in multiple cohorts once the recommended Phase 2 dose (RP2D) is achieved. Responses are evaluated by RECIST v1.1. The primary objectives of the study are to evaluate safety and tolerability of TPX-0022 and to determine the maximum tolerated dose and RP2D. Upon determination of the recommended Phase 2 dose, the study would then evaluate multiple dose expansion cohorts for a targeted enrollment of approximately 180 patients.

**Preliminary Clinical Data From SHIELD-1**

In October 2020, we reported early interim data from the dose finding portion of SHIELD-1, utilizing an October 15, 2020 data cutoff date. As of the data cutoff date, a total of 22 patients with MET-altered tumors were enrolled in the study, of which 21 had been treated with TPX-0022 at dose levels from 20 mg QD to 120 mg QD. Patients were selected for MET alterations by local testing, including exon 14 skipping, MET amplification, fusion or oncogenic kinase domain mutations. Patients had a median of three prior lines of therapy (range from 1 to 6) with the majority of patients having received multiple rounds of prior combination chemotherapy. All patients received at least one prior line of chemotherapy and/or immunotherapy.

As of the data cutoff date, 15 patients were evaluable for efficacy, including 10 who were TKI-naïve (four colorectal cancer (CRC) patients, three NSCLC patients and three gastric or gastroesophageal (GE) junction cancer patients) and five who were TKI-pretreated (all of whom were NSCLC patients). Seven patients were not evaluable for efficacy including four patients who were awaiting a first post-baseline scan; two patients who discontinued treatment prior to first post-baseline scan; and one patient who had no baseline measurable disease. Of the 10 MET TKI-naïve patients, five achieved a partial response, including three gastric or GE junction cancer patients, one CRC patient and one NSCLC patient. All three evaluable patients with gastric or GE junction tumors achieved a response. Of the five responding patients, three patients achieved a confirmed response, and two patients remained on treatment in a response and were awaiting confirmation at the time of the data cutoff. Of the five MET TKI-pretreated NSCLC patients, three patients treated with multiple rounds of prior therapy achieved a best response of stable disease with two patients showing tumor measurement improvements (-27% and -75% accordingly). Nine of 15 patients (9/15) achieved clinical benefit (confirmed or unconfirmed partial response or stable disease). Six of 15 patients (6/15) remained on treatment with duration of treatment ranging from 7.6+ to 34+ weeks.

TPX-0022 was generally well tolerated, with the most frequent TEAE being Grade 1 or 2 dizziness. TEAEs reported in greater than 20 percent of patients were dizziness (n=12; 57%); lipase increased (n=7; 33%); fatigue (n=7; 33%); amylase increased (n=6; 29%); nausea (n=6; 29%); vomiting (n=6; 29%); constipation (n=5; 24%); and anemia (n=5; 24%). The majority of TRAEs were Grade 1 or 2. As of the data cutoff date: there was one TRAE of Grade 3 weight gain, and there were no Grade 4 or 5 TRAEs; the maximum tolerated dose had not been determined with five patients having TEAEs that led to dose reduction; and at the 120 mg daily dose, there had been one dose-limiting toxicity of treatment related Grade 2 dizziness that led to treatment discontinuation. In addition, as of the data cutoff date, clinical pharmacokinetic data suggested sustained MET inhibition throughout the dosing interval across all doses.
TPX-0022 Clinical Development Plan

The Phase 1 SHIELD-1 study of TPX-0022 is ongoing. We are currently evaluating multiple doses/schedules to optimize pharmacokinetics, safety, and efficacy profile to determine a recommended Phase 2 dose with the goal of selecting the recommended Phase 2 dose in the second quarter of 2021. Upon determination of the recommended Phase 2 dose, the study would then evaluate multiple dose expansion cohorts for a targeted enrollment of approximately 180 patients. We plan to discuss the ongoing Phase 1 SHIELD-1 study with the FDA to potentially modify the trial into a registrational Phase 1/2 design, with the goal of initiating the Phase 2 portion in the second half of 2021, pending FDA feedback. We anticipate reporting updated data from the dose finding portion of the SHIELD-1 study in the second half of 2021. In parallel, based on the SHIELD-1 study initial findings, a Phase 1b/2 combination study with TPX-0022 and an EGFR targeted therapy in patients with EGFR mutated MET-amplified NSCLC is also planned for initiation in the second half of 2021.

TPX-0046—A Novel RET Inhibitor

TPX-0046 is a multi-targeted orally bioavailable, Type I TKI with a novel macrocyclic structure that is being developed as a RET kinase inhibitor. The Phase 1 portion of our Phase 1/2 clinical trial of TPX-0046 in patients with advanced solid tumors harboring RET genetic alterations is ongoing. The trial is designed to enroll TKI-naïve and TKI-pretreated patients. We currently have worldwide development and commercialization rights for TPX-0046.

RET is a receptor tyrosine kinase (RTK). Constitutive activation of RET through gain-of-function mutations, amplifications and fusions have been found in multiple tumor types, including lung cancer, thyroid cancer and colon cancer. To date, two approved RET inhibitors, GAVRETO (pralsetinib) and RETEVMO (selpercatinib), are marketed for patients with RET-positive NSCLC and thyroid cancer. In addition, multi-targeted TKIs that inhibit RET have been approved by the FDA in thyroid cancer. We evaluated the antiproliferation activities of TPX-0046, pralsetinib and selpercatinib in Ba/F3 cells expressing KIF5B-RET, KIF5B-RET V804M, KIF5B-RET Y806N, KIF5B-RET G810S or KIF5B-RET G810R. The results against the same cell lines by TPX-0046 may vary slightly among different experiments within acceptable experimental variations. Consistent with the RET enzymatic data, TPX-0046 generally showed comparable or stronger potency as compared to pralsetinib and selpercatinib in the Ba/F3 KIF5B-RET cell proliferation assay against wildtype RET and many mutated RETs, and less potency against the gatekeeper mutation RET V804M. A recent published study reported that RET G810 solvent front mutations represent the first described recurrent mechanism of resistance to selective RET inhibition with selpercatinib in the clinic. TPX-0046 is shown to be the most potent compound in Ba/F3 KIF5B-RET G810/R/S cell proliferation assays, whereas pralsetinib and selpercatinib are shown to have minimal activity against the solvent front mutation RET G810R. The results are summarized below.

<table>
<thead>
<tr>
<th>Inhibitor</th>
<th>Ba/F3 KIF5B-RET WT</th>
<th>Ba/F3 KIF5B-RET G810R (Solvent front mutation)</th>
<th>Ba/F3 KIF5B-RET G810S (Solvent front mutation)</th>
<th>Ba/F3 KIF5B-RET Y806N (Hinge mutation)</th>
<th>Ba/F3 KIF5B-RET V804M (Gatekeeper mutation)</th>
</tr>
</thead>
<tbody>
<tr>
<td>TPX-0046</td>
<td>0.4</td>
<td>16.9</td>
<td>0.4</td>
<td>10.6</td>
<td>533</td>
</tr>
<tr>
<td>Pralsetinib</td>
<td>0.2</td>
<td>568</td>
<td>72.9</td>
<td>16.3</td>
<td>23.4</td>
</tr>
<tr>
<td>Selpercatinib</td>
<td>0.7</td>
<td>749</td>
<td>6.9</td>
<td>27.9</td>
<td>1.1</td>
</tr>
</tbody>
</table>

Data for pralsetinib and selpercatinib based on evaluation of each corresponding proxy chemical compound purchased from commercial sources rather than from the pharmaceutical companies developing the respective kinase inhibitor. IC_{50} values for WT, G810R and V804M are from at least 3 independent experiments. The IC_{50} values for G810S and Y806N are from 1 to 2 independent experiments and include at least three independent replicates.

As demonstrated by both the enzyme-based and the cell-based assay data above, TPX-0046 has shown strong potency against wildtype and many mutated RETs, although TPX-0046 is not as potent against RET gatekeeper mutations when compared to wildtype and the solvent front mutation G810R.

To further support the activity of TPX-0046 against the solvent front mutation G810R, we evaluated TPX-0046 and selpercatinib and pralsetinib in a Ba/F3 KIF5B-RET G810R cell-derived tumor model. Consistent with the in vitro cellular and enzymatic data, TPX-0046 has strong activity against the G810R mutation with complete tumor regression in 9 out of 10 mice when dosed at 10 mg/kg twice a day while pralsetinib and selpercatinib had minimal tumor growth inhibition at the same dose level by percent of tumor growth inhibition.
The Phase 1 dose finding portion of the Phase 1/2 study of TPX-0046 is ongoing. Under the study design, upon determination of the recommended Phase 2 dose, the study would then evaluate multiple dose expansion cohorts for a targeted enrollment of approximately 300 patients. We plan to report early initial data from the Phase 1 dose finding portion of the study in the second quarter of 2021, which will focus primarily on safety and any early signals of efficacy and we anticipate will include approximately 15 to 20 patients across multiple doses.

**TPX-0131 – A Next-Generation ALK Inhibitor**

We are developing TPX-0131, our orally administered ALK inhibitor, for the treatment of patients with advanced solid tumors harboring ALK gene fusions. TPX-0131 has demonstrated preclinical potency against wild type ALK fusion proteins as well as a broad spectrum of acquired resistance mutations, especially compound mutations which currently lack any effective ALK inhibitor therapy. Preclinical in vivo studies have shown that TPX-0131 has significant brain tissue penetration after repeat oral dosing achieving brain tissue concentrations over 60% of the plasma concentration supporting the potential to cross the blood-brain barrier. We plan to present additional preclinical data highlighting TPX-0131’s in vitro and in vivo profile at a medical conference in the second quarter of 2021. We plan to initiate the Phase 1/2 global study of TPX-0131 in ALK+ advanced NSCLC in the second quarter of 2021. The IND submission to the FDA is anticipated in the first quarter of 2021 and the Australian Ethics Committee has already approved the study design. Our trial is designed to evaluate the safety, tolerability, and pharmacokinetics of TPX-0131, determine a recommended Phase 2 dose and assess preliminary clinical activity in TKI-pretreated patients. After determination of the recommended Phase 2 dose in the dose finding portion of the study, TPX-0131 would be evaluated in multiple dose expansion cohorts for a targeted enrollment of approximately 180 patients. We currently have worldwide development and commercialization rights for TPX-0131.

Clinically significant ALK gene fusions are oncogenic drivers and have been found in a number of human cancers, especially in NSCLC. Approximately 3-5% of NSCLC tumors harbor oncogenic ALK fusions. Currently, there are five FDA approved ALK inhibitors available for the treatment of ALK+ NSCLC. Sequential therapy with a next-generation selective ALK inhibitor with increased potency and effectiveness against ALK resistance mutations is a key strategy for treating ALK+ NSCLC patients. The most common solvent front mutation ALK G1202R confers resistance to the current approved ALK inhibitors with one study showing the prevalence of this specific solvent front mutation in approximately 40% of patients treated with a prior ALK inhibitor who developed a resistant mutation. Lorlatinib is the only approved ALK inhibitor that has demonstrated clinical efficacy in ALK+ NSCLC patients who developed the ALK G1202R mutation from a prior ALK TKI. More recently, compound mutations have been reported in patients after treatment with two or three ALK TKIs. One such example is the compound mutation ALK G1202R/L1196M, which confers resistance to currently approved therapies, including lorlatinib.

TPX-0131 is a next-generation ALK inhibitor drug candidate designed with a compact macrocyclic structure, and in preclinical studies has been shown to potentially inhibit wildtype ALK and numerous ALK mutations, in particular the clinically observed G1202R solvent front mutation and G1202R/L1196M compound mutation.

TPX-0131 showed comparable or stronger potency against wildtype ALK and many mutated forms of ALK in Ba/F3 cell proliferation assays against other ALK inhibitors as summarized below. TPX-0131 was 11 – 550-fold more potent toward the gatekeeper mutation (L1196M) in cell proliferation assays than previous generations of ALK inhibitors. In preclinical in vivo rat brain distribution studies, TPX-0131 demonstrated significant brain penetration after oral dosing. We believe access to the CNS compartment will be important in treating brain metastases.

<table>
<thead>
<tr>
<th>Inhibitor</th>
<th>ALK WT</th>
<th>ALK G1202R</th>
<th>ALK G1202R/L1196M</th>
<th>ALK G1202R/L1198F</th>
<th>ALK G1202R/C1156Y</th>
<th>ALK L1196M/L1198F</th>
</tr>
</thead>
<tbody>
<tr>
<td>TPX-0131</td>
<td>&lt;1.0</td>
<td>0.2</td>
<td>&lt;2.0</td>
<td>&lt;0.2</td>
<td>&lt;0.2</td>
<td>&lt;0.2</td>
</tr>
<tr>
<td>alectinib</td>
<td>2.8</td>
<td>10000</td>
<td>&gt;10000</td>
<td>1787</td>
<td>2171</td>
<td>837</td>
</tr>
<tr>
<td>brigatinib</td>
<td>16</td>
<td>176</td>
<td>1152</td>
<td>1578</td>
<td>925</td>
<td>134</td>
</tr>
<tr>
<td>ceritinib</td>
<td>5.1</td>
<td>265</td>
<td>1298</td>
<td>1681</td>
<td>1395</td>
<td>624</td>
</tr>
<tr>
<td>lorlatinib</td>
<td>1.3</td>
<td>58</td>
<td>4087</td>
<td>921</td>
<td>435</td>
<td>462</td>
</tr>
<tr>
<td>crizotinib</td>
<td>44.8</td>
<td>369</td>
<td>764</td>
<td>135</td>
<td>898</td>
<td>112</td>
</tr>
</tbody>
</table>

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Our macrocycle platform is the foundation of our current drug candidate pipeline and we are applying novel small molecule design approaches integrating tumor biology and structure-based drug design to develop a new generation of orally available proprietary targeted agents that we believe will have the potential to address important unmet medical needs for patients. We anticipate our internal and external exploration of oncology candidates will continue to include kinome targets and other oncogenic signaling proteins and pathways that address high unmet medical needs.

Collaborations and License Agreements

Zai - repotrectinib

In July 2020, we entered into a license agreement with Zai (the Zai Repotrectinib Agreement), pursuant to which we granted Zai exclusive rights to develop and commercialize products containing repotrectinib (Repotrectinib Products) in Mainland China, Hong Kong, Macau and Taiwan, also collectively referred to as Greater China or the Zai Territory. We retain exclusive rights to, among other things, develop, manufacture and commercialize the Repotrectinib Products outside the Zai Territory. Pursuant to the terms of the Zai Repotrectinib Agreement, we received an upfront cash payment of $25.0 million and will be eligible to receive up to $151.0 million in development and sales milestone payments, consisting of up to $46.0 million of development milestones and up to $105.0 million of sales milestones. In addition, during the term of the Zai Repotrectinib Agreement, Zai is obligated to pay us tiered percentage royalties ranging from mid-to-high teens on annual net sales of the Repotrectinib Products in the Zai Territory, subject to adjustments in specified circumstances.

Pursuant to the terms of the Zai Repotrectinib Agreement, Zai will be responsible for conducting the development and commercialization activities in the Zai Territory related to the Repotrectinib Products at Zai’s own expense, subject to limited exceptions pursuant to which we may be responsible for the cost. Zai will participate in global clinical studies of the Repotrectinib Products through clinical trial sites in the Zai Territory as agreed as of the effective date of the Zai Repotrectinib Agreement and Zai may, at Zai’s election, participate in future global clinical studies of the Repotrectinib Products through clinical trial sites in the Zai Territory, in each case at Zai’s expense.

Subject to specified exceptions, during the term of the Zai Repotrectinib Agreement, Zai has agreed that neither it nor its affiliates, its licensees and its sublicensees will conduct any development, manufacturing and commercialization activities with specified products that would compete with the Repotrectinib Products in or outside the Zai Territory and we have agreed that neither we nor our affiliates, licensees and sublicensees of Repotrectinib Products will conduct any development, manufacturing and commercialization activities with such competing products in the Zai Territory, other than manufacturing activities in support of activities outside the Zai Territory. Under the terms of the Zai Repotrectinib Agreement, if we are acquired in a change of control transaction, our acquirer will have a first right to negotiate with Zai the right to co-commercialize the Repotrectinib Products in the Zai Territory.

Under the terms of the Zai Repotrectinib Agreement, Zai has a first right to negotiate a license in the Zai Territory to up to two additional drug candidates in our pipeline, if we seek to license the right to commercialize any such drug candidate in a territory that primarily includes one or more regions in the Zai Territory (but excluding a proposed worldwide license). Zai has exercised its right of first negotiation with respect to one of these drug candidates, TPX-0022.

The Zai Repotrectinib Agreement will continue in effect until expiration of the last royalty term for a Repotrectinib Product in any region in the Zai Territory, where the royalty term for a Repotrectinib Product in a region continues until the later of (i) the expiry of the last-to-expire valid claim within our patent rights that covers the Repotrectinib Product in such region in the Zai Territory; (ii) the expiry of the regulatory exclusivity for such Repotrectinib Product in such region; or (iii) the close of business of the day that is exactly 10 years after the date of the first commercial sale of such Repotrectinib Product in such region. Subject to the terms of the Zai Repotrectinib Agreement, Zai may terminate the Zai Repotrectinib Agreement for convenience by providing written notice to us, which termination will be effective following a prescribed notice period. In addition, we may terminate the Zai Repotrectinib Agreement under specified circumstances if Zai or certain other parties challenge our patent rights. Either party may terminate the Zai Repotrectinib Agreement for the other party’s uncured material breach of the Zai Repotrectinib Agreement, with a customary notice and cure period, for the other party’s insolvency or if the other party acquires a third party and the acquired party is engaged in activities with a competing product that are not divested or discontinued within a specified period. After termination (but not natural expiration), other than...
certain terminations by Zai for cause, we are entitled to retain a worldwide and perpetual license from Zai to exploit the Repotrectinib Products.

Zai – TPX-0022

In January 2021, we entered into a license agreement with Zai (the Zai TPX-0022 Agreement), pursuant to which we granted Zai exclusive rights to develop and commercialize products containing our drug candidate, TPX-0022 (TPX-0022 Products), in the Zai Territory. We retain exclusive rights to, among other things, develop, manufacture and commercialize the TPX-0022 Products outside the Zai Territory. Pursuant to the terms of the Zai TPX-0022 Agreement, we will receive an upfront cash payment of $25.0 million and will be eligible to receive up to approximately $336.0 million in development and sales milestone payments, consisting of up to approximately $121.0 million of development milestones and up to $215.0 million of sales milestones. In addition, during the term of the Zai TPX-0022 Agreement, Zai will pay us tiered percentage royalties ranging from mid-teens to low twenties on annual net sales of the TPX-0022 Products in the Zai Territory, subject to adjustments in specified circumstances.

Pursuant to the terms of the Zai TPX-0022 Agreement, Zai will be responsible for conducting the development and commercialization activities in the Zai Territory related to the TPX-0022 Products at Zai’s own expense, subject to limited exceptions pursuant to which we may be responsible for the cost. Zai will participate in global clinical studies of the TPX-0022 Products through clinical trial sites in the Zai Territory as agreed as of the effective date of the Zai TPX-0022 Agreement and Zai may, at Zai’s election, subject to specified exceptions, participate in future global clinical studies of the TPX-0022 Products through clinical trial sites in the Zai Territory, in each case at Zai’s expense.

Subject to specified exceptions, during the term of the Zai TPX-0022 Agreement, Zai has agreed that neither it nor its affiliates, its licensees and its sublicensees will conduct any development, manufacturing and commercialization activities with specified products that would compete with the TPX-0022 Products in or outside the Zai Territory and we have agreed that neither we nor our affiliates, licensees and sublicensees of TPX-0022 Products will conduct any development, manufacturing and commercialization activities with such competing products in the Zai Territory, other than manufacturing activities in support of activities outside the Zai Territory. Under the terms of the Zai TPX-0022 Agreement, if we are acquired in a change of control transaction, our acquirer will have a first right to negotiate with Zai the right to co-commercialize the TPX-0022 Products in the Zai Territory.

Under the terms of the Zai TPX-0022 Agreement, we have a first right to negotiate a license outside the Zai Territory to a potential drug candidate from one of Zai’s pipeline programs, if Zai files an IND for the drug candidate.

The Zai TPX-0022 Agreement will continue in effect until expiration of the last royalty term for a TPX-0022 Product in any region in the Zai Territory, where the royalty term for a TPX-0022 Product in a region continues until the later of (i) the expiry of the last-to-expire valid claim within our patent rights that covers the TPX-0022 Product in such region in the Zai Territory; (ii) the expiry of the regulatory exclusivity for such TPX-0022 Product in such region; or (iii) the close of business of the day that is exactly 10 years after the date of the first commercial sale of such TPX-0022 Product in such region. Subject to the terms of the Zai TPX-0022 Agreement, Zai may terminate the Zai TPX-0022 Agreement for convenience by providing written notice to us, which termination will be effective following a prescribed notice period. In addition, we may terminate the Zai TPX-0022 Agreement under specified circumstances if Zai or certain other parties challenge our patent rights. Either party may terminate the Zai TPX-0022 Agreement for the other party’s uncured material breach of the Zai TPX-0022 Agreement, with a customary notice and cure period, for the other party’s insolvency or if the other party acquires a third party and the acquired party is engaged in activities with a competing product that are not divested or discontinued within a specified period. After termination (but not natural expiration), other than certain terminations by Zai for cause, we are entitled to retain a worldwide and perpetual license from Zai to exploit the TPX-0022 Products.

Commercial Operations

For repotrectinib, we intend to establish our own commercial and marketing organization in the United States and to selectively establish partnerships in markets outside the United States. We intend to build a specialist sales force to target physicians who are high prescribers of treatments for solid tumors. We expect that the sales force will be supported by sales management, internal sales support, an internal marketing group and distribution support. Additionally, we expect that the sales and marketing teams will manage relationships with key accounts such as managed care organizations, group purchasing organizations, hospital systems, physician group networks, and government accounts. To develop the appropriate commercial infrastructure, we expect to invest significant amounts of financial and management resources, some of which will be committed prior to approval of repotrectinib, which we may never obtain.
For our other drug candidates, we intend to retain commercialization rights in the United States and leverage our commercial and marketing organization for repotrectinib, assuming we obtain regulatory approval in the United States. For certain drug candidates, we will consider entering into relationships with strategic partners that enable the expansion of the ongoing clinical development, while retaining significant value for our stockholders. These pharmaceutical company partnerships could focus on specific patient populations and their caregivers, on regional development, or on distribution and sales.

Manufacturing and Supply

We do not own or operate, and currently have no plans to establish, any manufacturing facilities. We currently rely, and expect to continue to rely for the foreseeable future, on third parties for the manufacture of our drug candidates for preclinical and clinical testing, as well as for commercial manufacture of any drugs that we may commercialize. To date, we have obtained active pharmaceutical ingredients (APIs) and clinical drug supply for repotrectinib and our other drug candidates for our preclinical and ongoing and planned Phase 1 and Phase 2 testing from third-party manufacturers. We obtain our supplies from these manufacturers on a purchase order basis and do not have long-term supply arrangements in place. We do not currently have arrangements in place for redundant supply for APIs and drug product. For all of our drug candidates, we intend to identify and quality additional manufacturers to provide the APIs and drug product prior to submission of a NDA to the FDA or other marketing authorization applications to other regulatory authorities.

All our drug candidates are compounds of low molecular weight, generally called small molecules. They can be manufactured from readily available starting materials in reliable and reproducible synthetic processes that are amenable to scale-up and do not require specialized equipment in the manufacturing process. We expect to continue to develop drug candidates that can be produced cost-effectively at contract manufacturing facilities. We generally expect to rely on third parties for the manufacture of any companion diagnostics we may develop.

Competition

The pharmaceutical and biotechnology industries are characterized by rapidly advancing technologies, intense competition and a strong emphasis on proprietary drugs. We compete in the segments of the pharmaceutical, biotechnology and other related markets that address inhibition of kinases in cancer. While we believe that our technology, development experience and scientific knowledge provide us with competitive advantages, we face potential competition from many different sources, including major pharmaceutical, specialty pharmaceutical and biotechnology companies, academic institutions and governmental agencies and public and private research institutions. Any drug candidates that we successfully develop and commercialize will compete with existing drugs and new drugs that may become available in the future.

Many of the companies against which we are competing or against which we may compete in the future have significantly greater financial resources and expertise in research and development, manufacturing, preclinical testing, conducting clinical trials, obtaining regulatory approvals and marketing approved drugs than we do. Mergers and acquisitions in the pharmaceutical, biotechnology and diagnostic industries may result in even more resources being concentrated among a smaller number of our competitors. Smaller or early-stage companies may also prove to be significant competitors, particularly through collaborative arrangements with large and established companies. These competitors also compete with us in recruiting and retaining qualified personnel and establishing clinical trial sites and patient enrollment in clinical trials, as well as in acquiring technologies complementary to, or necessary for, our programs.

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

**Repotrectinib Competition**

If we are successful in developing repotrectinib, we expect that repotrectinib will compete against approved drugs, including: crizotinib, which is marketed by Pfizer Inc. under the name Xalkori for the treatment of ROS1+ and ALK+ NSCLC, entrectinib, which is marketed by F. Hoffman La Roche AG under the name Rozlytrek, for the treatment of ROS1+ NSCLC and TRK+ solid tumors; and larotrectinib, which is marketed by Bayer AG under the trade name Vitrakvi, for the
treatment of TRK+ solid tumors. We also expect that repotrectinib will compete against other compounds which are currently in late-stage clinical development, including TKIs in Phase 2, or later for the treatment of ROSI+ NSCLC at companies including Pfizer Inc. (lorlatinib), Novartis Pharmaceuticals Corporation (ceritinib), Betta Pharmaceuticals Co., Ltd. (ensartinib), Exelixis, Inc. (caboza tinib), and AnHeart Therapeutics Company (taletrectinib) and TKIs in Phase 2, or later, clinical development for the treatment of TRK+ solid tumors at companies including Bayer AG (selitrectinib) Exelixis, Inc. (caboza tinib) and AnHeart Therapeutics Company (taletrectinib).

TPX-0022 Competition

If we are successful in developing TPX-0022, we expect it will compete against approved drugs including; capmatinib, which is marketed by Novartis Pharmaceutical Corporation under the name Tabrecta for the treatment of adult patients with metastatic NSCLC whose tumors have a mutation that leads to MET exon 14 skipping, and tepotinib, which is marketed by Merck KGaA under the name Tepmetko, for the treatment of adult patients with metastatic NSCLC whose tumors have a mutation that leads to MET exon 14 skipping. We also expect that TPX-0022 will compete against Xalkori (crizotinib) and other compounds which are in Phase 2 or later clinical development for the treatment of MET+ tumors at companies including AstraZeneca PLC and Hutchison China MediTech Limited (savolitinib), Exelixis, Inc. (caboza tinib), Apollomics, Inc. (APl-101), Johnson & Johnson (amivantamab), Servier (Sym015) and AbbVie Inc. (telisotuzumab vedotin).

TPX-0046 Competition

If we are successful in developing TPX-0046, we expect it will compete against selpercatinib, which is marketed by Eli Lilly and Company under the name Retevmo for the treatment of NSCLC, medullary thyroid cancer and other types of thyroid cancer in patients with RET gene alterations; and pralsetinib, which is marketed by F. Hoffman La Roche and Blueprint Medicines Corporation under the name Gavreto for the treatment of NSCLC, medullary thyroid cancer and other types of thyroid cancer in patients with RET gene alterations. There are also two multi-targeted inhibitors that target RET, caboza tinib which is marketed by Exelixis, Inc under the name Cometriq and vandetanib, which is marketed by Sanofi Genzyme under the name Caprelsa, both for the treatment of progressive medullary thyroid cancer (MTC).

TPX-0131 Competition

If we are successful in developing TPX-0131, we expect that TPX-0131 will compete against approved drugs, including: alec tinib, which is marketed by F. Hoffman La Roche AG under the name Alecensa for the treatment of ALK+ NSCLC; brigatinib, which is marketed by Takeda Pharmaceutical Company Limited under the name Alunbrig for the treatment of ALK+ NSCLC; ceritinib, which is marketed by Novartis Pharmaceuticals Corporation under the name Zykadia for the treatment of ALK+ NSCLC; crizotinib, which is marketed by Pfizer Inc. under the name Xalkori for the treatment of ROSI+ and ALK+ NSCLC; and lorlatinib, which is marketed by Pfizer Inc. under the names Lorbrina and Lorviqua for the treatment of TKI-pretreated ALK+ NSCLC, and is under FDA review as a first line treatment of ALK+ NSCLC. We also expect that TPX-0131 will compete against other compounds which are currently in late-stage clinical development, including TKIs in Phase 2, or later, for the treatment of ALK+ NSCLC at companies including against Betta Pharmaceuticals Co., Ltd. (ensartinib).

Intellectual Property

We strive to protect the proprietary technologies that we believe are important to our business, including pursuing, obtaining and maintaining patent protection intended to cover the composition of matter of our drug candidates, their methods of use, related technologies and other inventions that are important to our business. In addition to patent protection, we also rely on trade secrets to protect aspects of our business that are not amenable to, or that we do not consider appropriate for, patent protection.

Our commercial success depends in part upon our ability to obtain and maintain patent and other proprietary protection for our drug candidates and other commercially important technologies, inventions and know-how related to our business, defend and enforce our intellectual property, in particular, our patent rights, preserve the confidentiality of our trade secrets and operate without infringing the valid and enforceable intellectual property and proprietary rights of third parties.

The patent positions for biotechnology and pharmaceutical companies like us are generally uncertain and can involve complex legal, scientific and factual issues. We cannot predict whether the patent applications we are currently pursuing will issue as patents in any particular jurisdiction or whether the claims of any patents will provide sufficient proprietary protection from competitors. In addition, the coverage claimed in a patent application can be significantly reduced before a patent is issued, and its scope can be reinterpreted and even challenged after issuance. Moreover, many jurisdictions permit third parties to challenge patents in administrative proceedings, which may result in further narrowing or even cancellation of patent claims. As a result, we cannot guarantee that any of our drug candidates will be protected or remain protectable by enforceable patents. Moreover, any patents that we hold may be challenged, circumvented or invalidated by third parties. For
As of February 1, 2021, we own two patents in the United States directed to repotrectinib and three patents in the United States directed to structurally related compounds, one of which is also directed towards TPX-0022. In addition, with respect to repotrectinib and TPX-0022, as of February 1, 2021, we also own foreign patents in a number of jurisdictions including Australia, China, Chile, Columbia, Eurasia, Hong Kong, Europe, Japan, Mexico, Russia, Singapore, South Africa, Taiwan and other global regions, directed to compound and pharmaceutical composition of matter claims and/or their use in the treatment of certain diseases, including cancer. These patents are expected to expire between January 2035 and July 2036 depending on the patent and country, without taking into account any possible patent term extension, where applicable. We also have pending patent applications directed to repotrectinib and its use in North America, Europe, Asia and other global regions which, if issued, are expected to expire at dates ranging between January 2035 and November 2040, without taking potential patent term extensions into account. We also have pending patent applications directed to TPX-0022 and its use in North America, South America, Europe, Asia, and other global regions which, if issued, are expected to expire at dates ranging between January 2035 and March 2041, without taking potential patent term extensions into account.

In addition to the repotrectinib and TPX-0022 programs, as of February 1, 2021, we own one patent in the United States directed to TPX-0046 and structurally related compounds. We also have pending patent applications directed to composition of matter for TPX-0046 and TPX-0131 and structurally related compounds and their use in treating diseases, including cancer, which if issued are expected to expire at dates ranging between 2038 and 2040, without taking potential patent term extensions into account.

The term of individual patents depends upon the legal term of the patents in the countries in which they are obtained. In most countries in which we file, the patent term is 20 years from the earliest date of filing a non-provisional patent application.

In the United States, the term of a patent covering an FDA-approved drug may, in certain cases, be eligible for a patent term extension under the Hatch-Waxman Act as compensation for the loss of patent term during the FDA regulatory review process. The period of extension may be up to five years, but cannot extend the remaining term of a patent beyond a total of 14 years from the date of product approval. Only one patent applicable to an approved drug is eligible for extension and only those claims covering the approved drug, a method for using it, or a method for manufacturing it may be extended. Similar provisions are available in Europe and in certain other jurisdictions to extend the term of a patent that covers an approved drug. It is possible that U.S. patents covering repotrectinib, TPX-0022 and TPX-0046, and patents for TPX-0131, may or will be entitled to patent term extensions. If our drug candidates receive FDA approval, we intend to apply for patent term extensions, if available, to extend the term of patents that cover the approved drug candidates. We also intend to seek patent term extensions in any jurisdictions where they are available; however, there is no guarantee that the applicable authorities, including the FDA, will agree with our assessment of whether such extensions should be granted, and even if granted, the length of such extensions.

In addition to patent protection, we also rely on trade secret protection for our proprietary information that is not amenable to, or that we do not consider appropriate for, patent protection, including certain aspect of our manufacturing processes. However, trade secrets can be difficult to protect. Although we take steps to protect our proprietary information, including restricting access to our confidential information, as well as entering into non-disclosure and confidentiality agreements with our employees, consultants, independent contractors, advisors, contract manufacturers, CROs, hospitals, independent treatment centers, suppliers, collaborators and other third parties, such parties may breach such agreements and disclose our proprietary information including our trade secrets, and we may not be able to obtain adequate remedies for such breaches. In addition, third parties may independently develop the same or similar proprietary information or may otherwise gain access to our proprietary information. As a result, we may be unable to meaningfully protect our trade secrets and proprietary information. For more information regarding the risks related to our intellectual property please see “Risk Factors—Risks Related to Our Intellectual Property.”

Government Regulation

The FDA and other regulatory authorities at federal, state, and local levels, as well as in foreign countries, extensively regulate, among other things, the research, development, testing, manufacture, quality control, import, export, safety, effectiveness, labeling, packaging, storage, distribution, record keeping, approval, advertising, promotion, marketing, post-approval monitoring, and post-approval reporting of drug products such as those we are developing. We, along with third-party contractors, will be required to navigate the various preclinical, clinical and commercial approval requirements of the
governing regulatory agencies of the countries in which we wish to conduct studies or seek approval or licensure of our product candidates.

The process required by the FDA before drug product candidates may be marketed in the United States generally involves the following:

- completion of preclinical laboratory tests and animal studies performed in accordance with the FDA’s current Good Laboratory Practices (GLP), regulation;
- submission to the FDA of an IND, which must become effective before clinical trials may begin and must be updated annually or when significant changes are made;
- approval by an independent Institutional Review Board, or IRB, or ethics committee at each clinical site before the trial is commenced;
- performance of adequate and well-controlled human clinical trials to establish the safety and efficacy of the proposed drug product candidate for its intended purpose;
- preparation of and submission to the FDA of an NDA after completion of all pivotal clinical trials;
- satisfactory completion of an FDA Advisory Committee review, if applicable;
- a determination by the FDA within 60 days of its receipt of an NDA to file the application for review;
- satisfactory completion of an FDA pre-approval inspection of the manufacturing facility or facilities at which the proposed product is produced to assess compliance with cGMP, and of selected clinical investigation sites to assess compliance with Good Clinical Practices, or GCP; and
- FDA review and approval of the NDA to permit commercial marketing of the product for particular indications for use in the United States.

Preclinical and Clinical Development

Prior to beginning the first clinical trial with a product candidate, we must submit an IND to the FDA. An IND is a request for authorization from the FDA to administer an investigational new drug product to humans. The central focus of an IND submission is on the general investigational plan and the protocol(s) for clinical studies. The IND also includes results of animal and in vitro studies assessing the toxicology, pharmacokinetics, pharmacology, and pharmacodynamic characteristics of the product; chemistry, manufacturing, and controls information; and any available human data or literature to support the use of the investigational product. An IND must become effective before human clinical trials may begin. The IND automatically becomes effective 30 days after receipt by the FDA, unless the FDA, within the 30-day time period, raises safety concerns or questions about the proposed clinical trial. In such a case, the IND may be placed on clinical hold and the IND sponsor and the FDA must resolve any outstanding concerns or questions before the clinical trial can begin. Submission of an IND therefore may or may not result in FDA authorization to begin a clinical trial.

Clinical trials involve the administration of the investigational product to human subjects under the supervision of qualified investigators in accordance with GCPs, which include the requirement that all research subjects provide their informed consent for their participation in any clinical study. Clinical trials are conducted under protocols detailing, among other things, the objectives of the study, the parameters to be used in monitoring safety and the effectiveness criteria to be evaluated. A separate submission to the existing IND must be made for each successive clinical trial conducted during product development and for any subsequent protocol amendments. Furthermore, an independent IRB for each site proposing to conduct the clinical trial must review and approve the plan for any clinical trial and its informed consent form before the clinical trial begins at that site, and must monitor the study until completed. Regulatory authorities, the IRB or the sponsor may suspend a clinical trial at any time on various grounds, including a finding that the subjects are being exposed to an unacceptable health risk or that the trial is unlikely to meet its stated objectives. Some studies also include oversight by an independent group of qualified experts organized by the clinical study sponsor, known as a data safety monitoring board, which provides authorization for whether or not a study may move forward at designated check points based on access to certain data from the study and may halt the clinical trial if it determines that there is an unacceptable safety risk for subjects or other grounds, such as no demonstration of efficacy. There are also requirements governing the reporting of ongoing clinical studies and clinical study results to public registries.
For purposes of NDA approval, human clinical trials are typically conducted in three sequential phases that may overlap.

- **Phase 1**—The investigational product is initially introduced into healthy human subjects or patients with the target disease or condition. These studies are designed to test the safety, dosage tolerance, absorption, metabolism and distribution of the investigational product in humans, the side effects associated with increasing doses, and, if possible, to gain early evidence on effectiveness.

- **Phase 2**—The investigational product is administered to a limited patient population with a specified disease or condition to evaluate the preliminary efficacy, optimal dosages and dosing schedule and to identify possible adverse side effects and safety risks. Multiple Phase 2 clinical trials may be conducted to obtain information prior to beginning larger and more expensive Phase 3 clinical trials.

- **Phase 3**—The investigational product is administered to an expanded patient population to further evaluate dosage, to provide statistically significant evidence of clinical efficacy and to further test for safety, generally at multiple geographically dispersed clinical trial sites. These clinical trials are intended to establish the overall risk/benefit ratio of the investigational product and to provide an adequate basis for product approval.

A registrational trial is a clinical trial that adequately meets regulatory agency requirements for the evaluation of a drug candidate’s efficacy and safety such that it can be used to justify the approval of the drug. Generally, registrational trials are Phase 3 trials but may be Phase 2 trials if the trial design provides a reliable assessment of clinical benefit, particularly in situations where there is an unmet medical need.

In some cases, the FDA may require, or companies may voluntarily pursue, additional clinical trials after a product is approved to gain more information about the product. These so-called Phase 4 studies may be made a condition to approval of the NDA. Concurrent with clinical trials, companies may complete additional animal studies and develop additional information about the characteristics of the product candidate, and must finalize a process for manufacturing the product in commercial quantities in accordance with cGMP requirements. The manufacturing process must be capable of consistently producing quality batches of the product candidate and, among other things, must develop methods for testing the final product. Additionally, appropriate packaging must be selected and tested and stability studies must be conducted to demonstrate that the product candidate does not undergo unacceptable deterioration over its shelf life.

**NDA Submission and Review**

Assuming successful completion of all required testing in accordance with all applicable regulatory requirements, the results of product development, nonclinical studies and clinical trials are submitted to the FDA as part of an NDA requesting approval to market the product for one or more indications. The NDA must include all relevant data available from pertinent preclinical and clinical studies, including negative or ambiguous results as well as positive findings, together with detailed information relating to the product’s chemistry, manufacturing, controls, and proposed labeling, among other things. A determination by the FDA within 60 days of the receipt of an NDA to file the application for review for its completeness is initiated at the time of submission. If the FDA determines there is significance to the missing or incomplete information in the context of the proposed drug product, the proposed indication(s), and the amount of time needed to address any given deficiency, it can issue a refusal-to-file letter. The submission of an NDA requires payment of a substantial application user fee to FDA, unless a waiver or exemption applies.
Once an NDA has been submitted, the FDA’s goal is to review standard applications within ten months after it accepts the application for filing, or, if the application qualifies for priority review, six months after the FDA accepts the application for filing. In both standard and priority reviews, the review process is often significantly extended by FDA requests for additional information or clarification. The FDA reviews an NDA to determine, among other things, whether a product is safe and effective. The FDA may convene an advisory committee to provide clinical insight on application review questions. Before approving an NDA, the FDA will typically inspect the facility or facilities where the product is manufactured. The FDA will not approve an application unless it determines that the manufacturing processes and facilities are in compliance with cGMP requirements and adequate to assure consistent production of the product within required specifications. Additionally, before approving an NDA, the FDA will typically inspect one or more clinical sites to assure compliance with GCP. If the FDA determines that the application, manufacturing process or manufacturing facilities are not acceptable, it will outline the deficiencies in the submission and often will request additional testing or information. Notwithstanding the submission of any requested additional information, the FDA ultimately may decide that the application does not satisfy the regulatory criteria for approval.

After the FDA evaluates an NDA and conducts inspections of manufacturing facilities where the product will be produced, the FDA may issue an approval letter or a Complete Response letter. An approval letter authorizes commercial marketing of the product with specific prescribing information for specific indications. A Complete Response letter will describe all of the deficiencies that the FDA has identified in the NDA. In issuing the Complete Response letter, the FDA may recommend actions that the applicant might take to place the NDA in condition for approval, including requests for additional information or clarification. The FDA may delay or refuse approval of an NDA if applicable regulatory criteria are not satisfied, require additional testing or information and/or require post-marketing testing and surveillance to monitor safety or efficacy of a product.

If regulatory approval of a product is granted, such approval will be granted for particular indications and may entail limitations on the indicated uses for which such product may be marketed. For example, the FDA may approve the NDA with a Risk Evaluation and Mitigation Strategy, or REMS, to ensure the benefits of the product outweigh its risks. A REMS is a safety strategy to manage a known or potential serious risk associated with a product and to enable patients to have continued access to such medicines by managing their safe use, and could include medication guides, physician communication plans, or elements to assure safe use, such as restricted distribution methods, patient registries and other risk minimization tools. The FDA also may condition approval on, among other things, changes to proposed labeling or the development of adequate controls and specifications. Once approved, the FDA may withdraw the product approval if compliance with pre- and post-marketing requirements is not maintained or if problems occur after the product reaches the marketplace. The FDA may require one or more Phase 4 post-market studies and surveillance to further assess and monitor the product’s safety and effectiveness after commercialization, and may limit further marketing of the product based on the results of these post-market studies.

**Expedited Development and Review Programs**

The FDA offers a number of expedited development and review programs for qualifying product candidates. The fast track program is intended to expedite or facilitate the process for reviewing new products that meet certain criteria. Specifically, new products are eligible for fast track designation if they are intended to treat a serious or life-threatening disease or condition and demonstrate the potential to address unmet medical needs for the disease or condition. Fast track designation applies to the combination of the product and the specific indication for which it is being studied. The sponsor of a fast track product has opportunities for frequent interactions with the review team during product development and, once an NDA is submitted, the product may be eligible for priority review. A fast track product may also be eligible for rolling review, where the FDA may consider for review sections of the NDA on a rolling basis before the complete application is submitted, if the sponsor provides a schedule for the submission of the sections of the NDA, the FDA agrees to accept sections of the NDA and determines that the schedule is acceptable, and the sponsor pays any required user fees upon submission of the first section of the NDA.

A product intended to treat a serious or life-threatening disease or condition may also be eligible for breakthrough therapy designation to expedite its development and review. A product can receive breakthrough therapy designation if preliminary clinical evidence indicates that the product may demonstrate substantial improvement over existing therapies on one or more clinically significant endpoints, such as substantial treatment effects observed early in clinical development. The designation includes all of the fast track program features, as well as more intensive FDA interaction and guidance beginning as early as Phase 1 and an organizational commitment to expedite the development and review of the product, including involvement of senior managers.
Any product is eligible for priority review if it has the potential to provide a significant improvement in the treatment, diagnosis or prevention of a serious disease or condition compared to marketed products. For products containing new molecular entities, priority review designation means the FDA’s goal is to take action on the marketing application within six months of the 60-day filing date (compared with ten months under standard review).

Additionally, products studied for their safety and effectiveness in treating serious or life-threatening diseases or conditions may receive accelerated approval upon a determination that the product has an effect on a surrogate endpoint that is reasonably likely to predict clinical benefit, or on a clinical endpoint that can be measured earlier than irreversible morbidity or mortality, that is reasonably likely to predict an effect on irreversible morbidity or mortality or other clinical benefit, taking into account the severity, rarity, or prevalence of the condition and the availability or lack of alternative treatments. As a condition of accelerated approval, the FDA will generally require the sponsor to perform adequate and well-controlled post-marketing clinical studies to verify and describe the anticipated effect on irreversible morbidity or mortality or other clinical benefit. In addition, the FDA currently requires, as a condition for accelerated approval, pre-approval of promotional materials, which could adversely impact the timing of the commercial launch of the product.

Even if a product qualifies for one or more of these programs, the FDA may later decide that the product no longer meets the conditions for qualification or decide that the time period for FDA review or approval will not be shortened. Furthermore, fast track designation, priority review, accelerated approval and breakthrough therapy designation, do not change the standards for approval and may not ultimately expedite the development or approval process.

**Orphan Drug Designation**

Under the Orphan Drug Act, the FDA may grant orphan designation to a drug or biologic intended to treat a rare disease or condition, which is a disease or condition that affects fewer than 200,000 individuals in the United States, or more than 200,000 individuals in the United States for which there is no reasonable expectation that the cost of developing and making available in the United States a drug or biologic for this type of disease or condition will be recovered from sales in the United States for that drug or biologic. Orphan drug designation must be requested before submitting an NDA. After the FDA grants orphan drug designation, the generic identity of the therapeutic agent and its potential orphan use are disclosed publicly by the FDA. The orphan drug designation does not convey any advantage in, or shorten the duration of, the regulatory review or approval process.

If a product that has orphan drug designation subsequently receives the first FDA approval for the disease for which it has such designation, the product is entitled to orphan drug exclusive approval (or exclusivity), which means that the FDA may not approve any other applications, including a full NDA, to market the same drug for the same indication for seven years, except in limited circumstances, such as a showing of clinical superiority to the product with orphan drug exclusivity. Orphan drug exclusivity does not prevent the FDA from approving a different drug or biologic for the same disease or condition, or the same drug or biologic for a different disease or condition. Among the other benefits of orphan drug designation are tax credits for certain research and a waiver of the application user fee.

A designated orphan drug may not receive orphan drug exclusivity if it is approved for a use that is broader than the indication for which it received orphan designation. In addition, exclusive marketing rights in the United States may be lost if the FDA later determines that the request for designation was materially defective or if the manufacturer is unable to assure sufficient quantities of the product to meet the needs of patients with the rare disease or condition.

**Post-Approval Requirements**

Any products manufactured or distributed by us pursuant to FDA approvals are subject to pervasive and continuing regulation by the FDA, including, among other things, requirements relating to record-keeping, reporting of adverse experiences, periodic reporting, product sampling and distribution, and advertising and promotion of the product. After approval, most changes to the approved product, such as adding new indications or other labeling claims, are subject to prior FDA review and approval. There also are continuing user fee requirements, under which FDA assesses an annual program fee for each product identified in an approved NDA. Drug manufacturers and their subcontractors are required to register their establishments with the FDA and certain state agencies, and are subject to periodic unannounced inspections by the FDA and certain state agencies for compliance with cGMP, which impose certain procedural and documentation requirements upon us and our third-party manufacturers. Changes to the manufacturing process are strictly regulated, and, depending on the significance of the change, may require prior FDA approval before being implemented. FDA regulations also require investigation and correction of any deviations from cGMP and impose reporting requirements upon us and any third-party manufacturers that we may decide to use. Accordingly, manufacturers must continue to expend time, money and effort in the area of production and quality control to maintain compliance with cGMP and other aspects of regulatory compliance.
The FDA may withdraw approval if compliance with regulatory requirements and standards is not maintained or if problems occur after the product reaches the market. Later discovery of previously unknown problems with a product, including adverse events of unanticipated severity or frequency, or failure to comply with regulatory requirements, may result in revisions to the approved labeling to add new safety information; imposition of post-market studies or clinical studies to assess new safety risks; or imposition of distribution restrictions or other restrictions under a REMS program. Other potential consequences include, among other things:

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

The FDA closely regulates the marketing, labeling, advertising and promotion of biologics and drugs. A company can make only those claims relating to safety and efficacy, purity and potency that are approved by the FDA and in accordance with the provisions of the approved label. However, companies may share truthful and not misleading information that is otherwise consistent with a product’s FDA approved labeling. The FDA and other agencies actively enforce the laws and regulations prohibiting the promotion of off-label uses. Failure to comply with these requirements can result in, among other things, adverse publicity, warning letters, corrective advertising and potential civil and criminal penalties. Physicians may believe that such off-label uses are the best treatment for patients in varied circumstances. The FDA does not regulate the behavior of physicians in their choice of treatments. The FDA does, however, restrict manufacturer’s communications on the subject of off-label use of their products.

**FDA Regulation of Companion Diagnostics**

A therapeutic product may rely upon an *in vitro* companion diagnostic for use in selecting the patients that will be more likely to respond to that therapy. If an *in vitro* diagnostic is essential to the safe and effective use of the therapeutic product, then the FDA generally will require approval or clearance of the diagnostic at the same time that the FDA approves the therapeutic product. According to FDA guidance, a companion diagnostic device used to make treatment decisions in clinical trials of a drug generally will be considered an investigational device unless it is employed for an intended use for which the device is already approved or cleared. If used to make critical treatment decisions, such as patient selection, the diagnostic device generally will be considered a significant risk device under the FDA’s Investigational Device Exemption, or IDE, regulations. Thus, the sponsor of the diagnostic device will be required to comply with the IDE regulations. According to the guidance, if a diagnostic device and a drug are to be studied together to support their respective approvals, both products can be studied in the same investigational trial, if the trial meets both the requirements of the IDE regulations and the IND regulations. The guidance provides that depending on the details of the trial plan and subjects, a sponsor may seek to submit an IND alone, or both an IND and an IDE.

Pursuing FDA approval of an *in vitro* companion diagnostic would require either a pre-market notification, also called 510(k) clearance, or a pre-market approval, or PMA, for that diagnostic. The review of companion diagnostics involves coordination of review with the FDA’s Center for Devices and Radiological Health.

The PMA process, including the gathering of clinical and nonclinical data and the submission to and review by the FDA, can take several years or longer. The applicant must prepare and provide the FDA with reasonable assurance of the device’s safety and effectiveness, including information about the device and its components regarding, among other things, device design, manufacturing and labeling. PMA applications are subject to an application fee. In addition, PMAs for devices must generally include the results from extensive preclinical and adequate and well-controlled clinical trials to establish the safety and effectiveness of the device for each indication for which FDA approval is sought. In particular, for a diagnostic, the applicant must demonstrate that the diagnostic produces reproducible results. As part of the PMA review, the FDA will typically inspect the manufacturer’s facilities for compliance with the Quality System Regulation, or QSR, which imposes elaborate testing, control, documentation and other quality assurance requirements.
Depending upon the timing, duration and specifics of the FDA approval of our drug candidates, some of our U.S. patents may be eligible for limited patent term extension under the Drug Price Competition and Patent Term Restoration Act of 1984, commonly referred to as the Hatch-Waxman Amendments. The Hatch-Waxman Amendments permit a patent restoration term of up to five years beyond the normal expiration of the patent, limited to the approved indication (or any additional indications approved during the period of extension), as compensation for patent term lost during product development and the FDA regulatory review process. However, patent term restoration cannot extend the remaining term of a patent beyond a total of 14 years from the product’s approval date. The patent term restoration period is generally one-half the time between the effective date of an IND and the submission date of an NDA plus the time between the submission date of an NDA and the approval of that application. Only one patent applicable to an approved drug is eligible for extension and only those claims covering the approved drug, a method for using it, or a method for manufacturing it may be extended and the application for the extension must be submitted prior to the expiration of the patent. The USPTO, in consultation with the FDA, reviews and approves the application for any patent term extension or restoration. In the future, we intend to apply for restoration of patent term for one of our currently owned patents, and if eligible for such restoration, to add patent term beyond its current expiration date, depending on the expected length of the clinical trials and other factors involved in the filing of the relevant NDA.

Marketing exclusivity provisions under the United States Federal Food, Drug, and Cosmetic Act (FDCA) can also delay the submission or the approval of certain marketing applications for competing products. The FDCA provides a five-year period of non-patent marketing exclusivity within the United States to the first applicant to obtain approval of an NDA for a new chemical entity. A drug is a new chemical entity if the FDA has not previously approved any other new drug containing the same active moiety, which is the molecule or ion responsible for the action of the drug substance. During the exclusivity period, the FDA may not accept for review an abbreviated new drug application, or ANDA, or a 505(b)(2) NDA submitted by another company for another drug based on the same active moiety, regardless of whether the drug is intended for the same indication as the original innovator drug or for another indication. However, an application may be submitted after four years if it contains a certification of patent invalidity or non-infringement to one of the patents listed with the FDA by the innovator NDA holder. The FDCA also provides three years of marketing exclusivity for an NDA, or supplement to an existing NDA, if new clinical investigations, other than bioavailability studies, that were conducted or sponsored by the applicant are deemed by the FDA to be essential to the approval of the application, for example new indications, dosages or strengths of an existing drug. This three-year exclusivity covers only the modification for which the drug received approval on the basis of the new clinical investigations and does not prohibit the FDA from approving ANDAs or 505(b)(2) applications for drugs containing the active agent for the original indication or condition of use. Five-year and three-year exclusivity will not delay the submission or approval of a full NDA. However, an applicant submitting a full NDA would be required to conduct or obtain a right of reference to all of the preclinical studies and adequate and well-controlled clinical trials necessary to demonstrate safety and effectiveness. Orphan drug exclusivity, as described below, may offer a seven-year period of marketing exclusivity, except in certain circumstances. Pediatric exclusivity is another type of regulatory market exclusivity in the United States. Pediatric exclusivity, if granted, adds six months to existing exclusivity periods and patent terms. This six-month exclusivity, which runs from the end of other exclusivity protection or patent term, may be granted based on the voluntary completion of a pediatric trial in accordance with an FDA-issued “Written Request” for such a trial.

**European Drug Development**

In Europe, our future drugs will also be subject to extensive regulatory requirements. As in the United States, medicinal products can only be marketed if a marketing authorization from the competent regulatory agencies has been obtained.

Similar to the United States, the various phases of preclinical and clinical research in Europe are subject to significant regulatory controls. Although the EU Clinical Trials Directive 2001/20/EC has sought to harmonize the European Union clinical trials regulatory framework, setting out common rules for the control and authorization of clinical trials in the European Union, the European Union Member States have transposed and applied the provisions of the Directive differently. This has led to significant variations in the member state regimes. Under the current regime, before a clinical trial can be initiated it must be approved in each of the European Union countries where the trial is to be conducted by two distinct bodies: the National Competent Authority, or NCA, and one or more Ethics Committees, or ECs. Under the current regime all suspected unexpected serious adverse reactions to the investigated drug that occur during the clinical trial have to be reported to the NCA and ECs of the Member State where they occurred.
In 2014, a new Clinical Trials Regulation 536/2014, replacing the current Directive, was adopted. The new Regulation will become directly applicable in all EU Member States (without national implementation) once the EU Portal and Database are fully functional. It is expected that the Regulation will apply in late 2021. The new Regulation seeks to simplify and streamline the approval of clinical trials in the European Union. For example, the sponsor shall submit a single application for approval of a clinical trial via the EU Portal. As part of the application process, the sponsor shall propose a reporting Member State, who will coordinate the validation and evaluation of the application. The reporting Member State shall consult and coordinate with the other concerned Member States. If an application is rejected, it can be amended and resubmitted through the EU Portal. If an approval is issued, the sponsor can start the clinical trial in all concerned Member States. However, a concerned Member State can in limited circumstances declare an “opt-out” from an approval. In such a case, the clinical trial cannot be conducted in that Member State. The Regulation also aims to streamline and simplify the rules on safety reporting, and introduces enhanced transparency requirements such as mandatory submission of a summary of the clinical trial results to the EU Database.

**European Drug Review and Approval**

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

The Community MA, which is issued by the European Commission through the Centralized Procedure, based on the opinion of the Committee for Medicinal Products for Human Use, or CHMP, of the EMA and which is valid throughout the entire territory of the EEA. The Centralized Procedure is mandatory for certain types of drugs, such as medicines derived from biotechnology, such as genetic engineering, orphan medicinal drugs, advanced-therapy medicines such as gene-therapy, somatic cell-therapy or tissue-engineered medicines, and medicinal drugs containing a new active substance indicated for the treatment of HIV/AIDS, cancer, neurodegenerative disorders, diabetes, auto-immune and other immune dysfunctions, and viral diseases. The Centralized Procedure is optional for drugs containing a new active substance not yet authorized in the EEA, for drugs that constitute a significant therapeutic, scientific or technical innovation or which are in the interest of public health in the European Union.

National MAs, which are issued by the competent authorities of the Member States of the EEA and only cover their respective territory, are available for drugs not falling within the mandatory scope of the Centralized Procedure. Where a drug has already been authorized for marketing in a Member State of the EEA, this National MA can be recognized in other Member States through the Mutual Recognition Procedure. If the drug has not received a National MA in any Member State at the time of application, it can be approved simultaneously in various Member States through the Decentralized Procedure. Under the Decentralized Procedure an identical dossier is submitted to the competent authorities of each of the Member States in which the MA is sought, one of which is selected by the applicant as the Reference Member State (RMS). The competent authority of the RMS prepares a draft assessment report, a draft summary of the drug characteristics (SPC) and a draft of the labeling and package leaflet, which are sent to the other Member States (referred to as the Concerned Member States, or CMS) for their approval. If the CMS raise no objections, based on a potential serious risk to public health, to the assessment, SPC, labeling, or packaging proposed by the RMS, the drug is subsequently granted a national MA in all the Member States (i.e. in the RMS and the CMS).

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

**European Data and Marketing Exclusivity**

In Europe, new active substances, qualify for eight years of data exclusivity upon marketing authorization and an additional two years of market exclusivity. This data exclusivity, if granted, prevents regulatory authorities in the European Union from referencing the innovator’s data to assess a generic application for eight years, after which generic marketing authorization can be submitted, and the innovator’s data may be referenced, but not approved for two years. The overall ten-year period will be extended to a maximum of 11 years if, during the first eight years of those ten years, the marketing authorization holder obtains an authorization for one or more new therapeutic indications which, during the scientific evaluation prior to their authorization, are held to bring a significant clinical benefit in comparison with existing therapies.

**Brexit and the Regulatory Framework in the United Kingdom**

Following the result of a referendum in 2016, the United Kingdom (UK) left the EU on January 31, 2020, commonly referred to as Brexit. Pursuant to the formal withdrawal arrangements agreed between the UK and the EU, the UK was subject to a transition period until December 31, 2020 (the Transition Period), during which EU rules continued to apply.
Since a significant proportion of the regulatory framework in the UK applicable to our business and our product candidates is derived from EU directives and regulations, Brexit has had, and will continue to have, a material impact upon the regulatory regime with respect to the development, manufacture, importation, approval and commercialization of our product candidates in the UK or the EU. Great Britain (made up of England, Scotland, and Wales) is no longer covered by the EEA's procedures for the grant of marketing authorizations (Northern Ireland will be covered by the centralized authorization procedure and can be covered under the decentralized or mutual recognition procedures). A separate marketing authorization will be required to market drugs in Great Britain. It is currently unclear whether the MHRA in the UK is sufficiently prepared to handle the increased volume of marketing authorization applications that it is likely to receive. Any delay in obtaining, or an inability to obtain, any marketing approvals, would delay or prevent us from commercializing our product candidates in the UK or the EU and restrict our ability to generate revenue and achieve and sustain profitability.

While the Deal provides for the tariff-free trade of medicinal products between the UK and the EU there may be additional non-tariff costs to such trade which did not exist prior to the end of the Transition Period. Further, should the UK diverge from the EU from a regulatory perspective in relation to medicinal products, tariffs could be put into place in the future. We could therefore, both now and in the future, face significant additional expenses (when compared to the position prior to the end of the Transition Period) to operate our business, which could significantly and materially harm or delay our ability to generate revenues or achieve profitability of our business. Any further changes in international trade, tariff and import/export regulations as a result of Brexit or otherwise may impose unexpected duty costs or other non-tariff barriers on us. These developments, or the perception that any of them could occur, may significantly reduce global trade and, in particular, trade between the impacted nations and the United Kingdom. It is also possible that Brexit may negatively affect our ability to attract and retain employees, particularly those from the EU.

Orphan designation in Great Britain following Brexit is granted on an essentially identical basis to in the EU, but is based on the prevalence of the condition in Great Britain. It is therefore possible that conditions that are currently designated as orphan conditions in Great Britain will no longer be and that conditions that are not currently designated as orphan conditions in the EU will be designated as such in Great Britain.

**European Union General Data Protection Regulation**

In addition to EU regulations related to the approval and commercialization of our products, we may be subject to the EU’s General Data Protection Regulation (GDPR). The GDPR went into effect on May 25, 2018. The GDPR introduced new data protection requirements in the European Union, as well as potential fines for noncompliant companies of up to the greater of €20 million or 4% of annual global revenue. The regulation imposes numerous new requirements for the collection, use and disclosure of personal information, including more stringent requirements relating to consent and the information that must be shared with data subjects about how their personal information is used, the obligation to notify regulators and affected individuals of personal data breaches, extensive new internal privacy governance obligations and obligations to honor expanded rights of individuals in relation to their personal information (e.g., the right to access, correct and delete their data). In addition, the GDPR includes restrictions on cross-border data transfer. The GDPR will increase our responsibility and liability in relation to personal data that we process, and we may be required to put in place additional mechanisms to ensure compliance with the new EU data protection rules. Further, the United Kingdom’s withdrawal from the EU, often referred to as Brexit, has created uncertainty with regard to data protection regulation in the United Kingdom. In particular, it is unclear whether the United Kingdom will enact data protection legislation equivalent to the GDPR and how data transfers to and from the United Kingdom will be regulated.

**Rest of the World Regulation**

For other countries outside of the European Union and the United States, such as certain countries in Eastern Europe, Latin America or Asia, the requirements governing the conduct of clinical trials, drug licensing, pricing and reimbursement vary from country to country. In all cases the clinical trials must be conducted in accordance with GCP requirements and the applicable regulatory requirements and the ethical principles that have their origin in the Declaration of Helsinki.

If we fail to comply with applicable foreign regulatory requirements, we may be subject to, among other things, fines, suspension or withdrawal of regulatory approvals, product recalls, seizure of products, operating restrictions and criminal prosecution.

**Coverage and Reimbursement**

Sales of our drugs will depend, in part, on the extent to which our drugs will be covered by third-party payors, such as government health programs, commercial insurance and managed healthcare organizations. These third-party payors are
increasingly reducing reimbursements for medical drugs and services. Additionally, the containment of healthcare costs has become a priority of federal and state governments, and the prices of drugs have been a focus in this effort. The U.S. government, state legislatures and foreign governments have shown significant interest in implementing cost-containment programs, including price controls, restrictions on reimbursement and requirements for substitution of generic drugs.

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 similar regulatory authorities outside of the United States. Moreover, eligibility for coverage and reimbursement does not imply that a drug will be paid for in all cases or at a rate that covers our costs, including research, development, intellectual property, manufacture, sale and distribution expenses. Interim reimbursement levels for new drugs, if applicable, may also not be sufficient to cover our costs and may not be made permanent. Reimbursement rates may vary according to the use of the drug and the clinical setting in which it is used, may be based on reimbursement levels already set for lower cost drugs and may be incorporated into existing payments for other services. Net prices for drugs may be reduced by mandatory discounts or rebates required by government healthcare programs or private payors and by any future relaxation of laws that presently restrict imports of drugs from countries where they may be sold at lower prices than in the United States. Third-party payors often rely upon Medicare coverage policy and payment limitations in setting their own reimbursement policies, but also have their own methods and approval process apart from Medicare determinations.

We plan to develop, either by ourselves or with collaborators, in vitro companion diagnostic tests for our drug candidates for certain indications. We, or our collaborators, will be required to obtain coverage and reimbursement for these tests separate and apart from the coverage and reimbursement we seek for our product candidates, once approved.

In addition, in some foreign countries, the proposed pricing for a drug must be approved before it may be lawfully marketed. The requirements governing drug pricing vary widely from country to country. For example, the European Union provides options for its member states to restrict the range of medicinal drugs for which their national health insurance systems provide reimbursement and to control the prices of medicinal drugs for human use. A member state may approve a specific price for the medicinal drug or it may instead adopt a system of direct or indirect controls on the profitability of the company placing the medicinal drug on the market. There can be no assurance that any country that has price controls or reimbursement limitations for pharmaceutical drugs will allow favorable reimbursement and pricing arrangements for any of our drugs. Historically, drugs launched in the European Union do not follow price structures of the United States and generally tend to be significantly lower.

**Healthcare Reform**

In the United States 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 marketing approval of drug candidates, restrict or regulate post-approval activities and affect a biopharmaceutical company’s ability to profitably sell any approved drugs.

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

The American Recovery and Reinvestment Act of 2009 provides funding for the federal government to compare the effectiveness of different treatments for the same illness. The plan for the research was published in 2012 by the U.S. Department of Health and Human Services (HHS), the Agency for Healthcare Research and Quality and the National Institutes for Health, and periodic reports on the status of the research and related expenditures are made to Congress. Although the results of the comparative effectiveness studies are not intended to mandate coverage policies for public or private third-party payors, it is not clear what effect, if any, the research will have on the sales of our drug candidates, if any such drug or the condition that they are intended to treat are the subject of a trial. It is also possible that comparative effectiveness research demonstrating benefits in a competitor’s drug could adversely affect the sales of our drug candidate. If
third-party payors do not consider our drugs to be cost-effective compared to other available therapies, they may not cover our drugs after approval as a benefit under their plans or, if they do, the level of payment may not be sufficient to allow us to sell our drugs on a profitable basis.

The Patient Protection and Affordable Care Act, as amended by the Health Care and Education Reconciliation Act of 2010 (collectively, the ACA) enacted in March 2010, has had a significant impact on the healthcare industry. The ACA expanded coverage for the uninsured while at the same time containing overall healthcare costs. With regard to pharmaceutical products, the ACA, among other things, addressed a new methodology by which rebates owed by manufacturers under the Medicaid Drug Rebate Program are calculated for drugs that are inhaled, infused, instilled, implanted or injected, increased the minimum Medicaid rebates owed by manufacturers under the Medicaid Drug Rebate Program and extended the rebate program to individuals enrolled in Medicaid managed care organizations, established annual fees and taxes on manufacturers of certain branded prescription drugs, and a new Medicare Part D coverage gap discount program, in which manufacturers must now agree to offer 70% point-of-sale discounts off negotiated prices of applicable brand drugs to eligible beneficiaries during their coverage gap period, as a condition for the manufacturer’s outpatient drugs to be covered under Medicare Part D.

There have been executive, judicial and Congressional challenges to repeal or replace certain aspects of the ACA. While Congress has not passed comprehensive repeal legislation, it has enacted laws that modify certain provisions of the ACA such as removing penalties, starting January 1, 2019, for not complying with the ACA's individual mandate to carry health insurance, delaying the implementation of certain ACA-mandated fees, and increasing the point-of-sale discount that is owed by pharmaceutical manufacturers who participate in Medicare Part D. In addition, the 2020 federal spending package permanently eliminated, effective January 1, 2020, the ACA-mandated “Cadillac” tax on high-cost employer-sponsored health coverage and medical device tax and, effective January 1, 2021, also eliminated the health insurer tax. On December 14, 2018, a U.S. District Court Judge in the Northern District of Texas (Texas District Court Judge), ruled that the individual mandate is a critical and inseverable feature of the ACA, and therefore, because it was repealed as part of legislation enacted in 2017, informally titled the Tax Cuts and Jobs Act, the remaining provisions of the ACA are invalid as well. Additionally, on December 18, 2019, the U.S. Court of Appeals for the 5th Circuit upheld the District Court ruling that the individual mandate was unconstitutional and remanded the case back to the District Court to determine whether the remaining provisions of the ACA are invalid as well. The U.S. Supreme Court is currently reviewing this case, although it is unclear when a decision will be made. It is also unclear how such litigation will impact the ACA and our business.

In addition, other legislative changes have been proposed and adopted in the United States since the ACA was enacted. On August 2, 2011, the Budget Control Act of 2011, among other things, created measures for spending reductions by Congress. A Joint Select Committee on Deficit Reduction, tasked with recommending a targeted deficit reduction of at least $1.2 trillion for the years 2013 through 2021, was unable to reach required goals, thereby triggering the legislation’s automatic reduction to several government programs. This includes aggregate reductions to Medicare payments to providers of up to 2% per fiscal year, started in April 2013, and, due to subsequent legislative amendments, will stay in effect through 2030, except for a temporary suspension from May 1, 2020 through March 31, 2021 due to the COVID-19 pandemic, unless additional Congressional action is taken. On January 2, 2013, the then-U.S. President signed into law the American Taxpayer Relief Act of 2012, or the ATRA, which, among other things, also reduced Medicare payments to several providers, including hospitals, imaging centers and cancer treatment centers, and increased the statute of limitations period for the government to recover overpayments to providers from three to five years.

Further, there has been heightened governmental scrutiny recently over the manner in which drug manufacturers set prices for their marketed products, which has resulted in several Congressional inquiries and proposed and enacted federal and state legislation designed to, among other things, bring more transparency to product pricing, review the relationship between pricing and manufacturer patient programs, and reform government program reimbursement methodologies for drug products. At the federal level, the prior Presidential administration’s budget proposal for fiscal year 2021 includes a $135 billion allowance to support legislative proposals seeking to reduce drug prices, increase competition, lower out-of-pocket drug costs for patients, and increase patient access to lower-cost generic and biosimilar drugs. Additionally, the prior administration previously released a “Blueprint” to lower drug prices and reduce out of pocket costs of drugs that contained proposals to increase manufacturer competition, increase the negotiating power of certain federal healthcare programs, incentivize manufacturers to lower the list price of their products and reduce the out of pocket costs of drug products paid by consumers. On July 24, 2020 and September 13, 2020, the prior administration announced several executive orders related to prescription drug pricing that seek to implement several of the administration’s proposals. As a result, the FDA released a final rule on September 24, 2020, effective November 30, 2020, providing guidance for states to build and submit importation plans for drugs from Canada. Further, on November 20, 2020, HHS finalized a regulation removing safe harbor protection for price reductions from pharmaceutical manufacturers to plan sponsors under Part D, either directly or through pharmacy benefit managers, unless the price reduction is required by law. The rule also creates a new safe harbor for price reductions reflected at the point-of-sale, as well as a safe harbor for certain fixed fee arrangements between pharmacy benefit

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managers and manufacturers. 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 United States District Court in Northern California issued a nationwide preliminary injunction against implementation of the interim final rule. The likelihood of implementation of any of the other Trump administration reform initiatives is uncertain, particularly in light of the new Presidential administration. At the state level, legislatures have increasingly passed legislation and implemented regulations designed to control pharmaceutical and biological product pricing, including price or patient reimbursement constraints, discounts, restrictions on certain product access and marketing cost disclosure and transparency measures, and, in some cases, designed to encourage importation from other countries and bulk purchasing. Further, it is possible that additional governmental action be taken in response to the COVID-19 pandemic.

Other Healthcare Laws

We may also be subject to healthcare regulation and enforcement by the federal government and the states and foreign governments where we may market our drug candidates, if approved. These laws include, without limitation, state and federal anti-kickback, fraud and abuse, false claims, privacy and security and physician sunshine laws and regulations.

The federal Anti-Kickback Statute prohibits, among other things, any person from knowingly and willfully offering, soliciting, receiving or paying remuneration, directly or indirectly, to induce either the referral of an individual, for an item or service or the purchasing or ordering of a good or service, for which payment may be made under federal healthcare programs such as the Medicare and Medicaid programs. The federal Anti-Kickback Statute is subject to evolving interpretations. In the past, the government has enforced the federal Anti-Kickback Statute to reach large settlements with healthcare companies based on sham consulting and other financial arrangements with physicians. A person or entity does not need to have actual knowledge of the statute or specific intent to violate it in order to have committed a violation. In addition, the government may assert that a claim including items or services resulting from a violation of the federal Anti-Kickback Statute constitutes a false or fraudulent claim for purposes of the False Claims Act. The majority of states also have anti-kickback laws, which establish similar prohibitions and in some cases may apply to items or services reimbursed by any third-party payor, including commercial insurers.

Additionally, the federal civil and criminal false claims laws, including the False Claims Act, and civil monetary penalties law, prohibits knowingly presenting or causing the presentation of a false, fictitious or fraudulent claim for payment to the U.S. government. Actions under the False Claims Act may be brought by the Attorney General or as a qui tam action by a private individual in the name of the government. The federal government is using the False Claims Act, and the accompanying threat of significant liability, in its investigation and prosecution of pharmaceutical and biotechnology companies throughout the U.S., for example, in connection with the promotion of products for unapproved uses and other sales and marketing practices. The government has obtained multi-million and multi-billion dollar settlements under the False Claims Act in addition to individual criminal convictions under applicable criminal statutes. Given the significant size of actual and potential settlements, it is expected that the government will continue to devote substantial resources to investigating healthcare providers’ and manufacturers’ compliance with applicable fraud and abuse laws.

The federal Health Insurance Portability and Accountability Act of 1996 (HIPAA) also created additional federal civil and criminal penalties for, among other actions, knowingly and willfully executing, or attempting to execute, a scheme to defraud any healthcare benefit program, including private third-party payors, knowingly and willfully embezzling or stealing from a healthcare benefit program, willfully obstructing a criminal investigation of a healthcare offense, and knowingly and willfully falsifying, concealing or covering up a material fact or making any materially false, fictitious or fraudulent statement in connection with the delivery of or payment for healthcare benefits, items or services. Similar to the federal Anti-Kickback Statute, a person or entity does not need to have actual knowledge of the statute or specific intent to violate it in order to have committed a violation.

Many states have similar health care fraud and abuse laws that may differ from each other and federal law in significant ways, thus complicating compliance efforts. For example, states have anti-kickback and false claims laws that may be broader in scope than analogous federal laws and may apply regardless of payer.

There has also been a recent trend of increased federal and state regulation of payments made to physicians and other healthcare providers. The ACA, through the Physician Payments Sunshine Act, requires applicable manufacturers of covered drugs, devices, biologics and medical supplies for which payment is available under Medicare, Medicaid, or the Children’s Health Insurance Program, with specific exceptions, to track and report payments made by them to physicians (defined to include doctors, dentists, optometrists, podiatrists and chiropractors) and teaching hospitals, as well as ownership and investment interests held by such physicians and their immediate family members. Beginning in 2022, such obligations will include payments and other transfers of value provided in the previous year to certain other healthcare professionals, including physician assistants, nurse practitioners, clinical nurse specialists, certified nurse anesthetists, anesthesiologist assistants, and certified nurse midwives. Covered manufacturers are required to submit annual reports to the government and
these reports are posted on a website maintained by CMS. Certain states also mandate implementation of compliance programs, impose restrictions on drug
manufacturer marketing practices, require the registration of pharmaceutical sales representatives and/or require tracking and reporting of gifts, compensation
and other remuneration to physicians.

We may also be subject to data privacy and security requirements that may impact the way in which we conduct research and operate our business. HIPAA,
as amended by the Health Information Technology for Economic and Clinical Health Act, or HITECH, and their respective implementing regulations,
including the final omnibus rule published on January 25, 2013, impose obligations, including mandatory contractual terms, with respect to safeguarding the
privacy, security and transmission of individually identifiable health information on covered entities, including certain healthcare providers, health plans, and
healthcare clearinghouses, as well as individuals and entities that provide services on behalf of a covered entity that involve individually identifiable health
information, known as business associates, as well as their covered subcontractors. In addition, we may be directly subject to certain state laws concerning
privacy and data security. For example, California recently enacted the California Consumer Privacy Act (CCPA), which creates new individual privacy rights
for California consumers (as defined in the law) and places increased privacy and security obligations on entities handling certain personal data of consumers or
households. The CCPA requires covered companies to provide new disclosure to consumers about such companies’ data collection, use and sharing practices,
provides such consumers new ways to opt-out of certain sales or transfers of personal information, and provides consumers with additional causes of action.
The CCPA went into effect on January 1, 2020, and the California Attorney General may bring enforcement actions for violations beginning July 1, 2020. This
may impact our business activities and exemplifies the vulnerability of our business to the evolving regulatory environment related to personal data and
protected health information. Existing state laws governing the privacy and security of personally identifiable information, and, in some states, health
information, impose differing requirements, thus complicating our compliance efforts.

If our operations are found to be in violation of any of the federal and state laws described above or any other governmental regulations that apply to us,
we may be subject to significant civil, criminal, and administrative penalties, damages, fines, disgorgement, imprisonment, and exclusion from participation in
federal healthcare programs, such as Medicare and Medicaid, and additional reporting and oversight obligations. If the physicians or other providers or entities
with whom we expect to do business are found not to be in compliance with applicable laws, they may be subject to significant criminal, civil or administrative
sanctions, including exclusions from government funded healthcare programs.

Compliance with Environmental Regulations

Our business involves the controlled use of hazardous materials, chemicals, and biological materials. In the United States, we are subject to regulation
under the Occupational Safety and Health Act, the Environmental Protection Act, the U.S. Environmental Protection Agency, the California Environmental
Protection Agency, the Toxic Substances Control Act, the Resource Conservation and Recovery Act, the Controlled Substances Act and other federal, state or
local regulations.

We may be subject to further such regulations in the future. Although we believe that our operations comply in all material respects with the applicable
environmental laws and regulations, the risk of accidental contamination or injury from these materials cannot be eliminated. In the event of such an accident,
we could be held liable for any damages that result, and the extent of that liability could exceed our resources. Our compliance with these laws and regulations
has not had, and is not expected to have, a material effect upon our capital expenditures, results of operations or competitive position.

Human Capital Resources

As of December 31, 2020, we had 142 employees, all of whom were full-time employees, 32 of whom hold Ph.D., Pharm.D. or M.D. degrees. Of these
employees, 107 were engaged in research and development activities and 35 were engaged in general and administrative activities. We also engage temporary
employees and consultants. We consider our culture and our talent to be an essential driver of our business and key to our future prospects. We have 5
dedicated, full-time employees responsible for executing our human capital management strategy and overseeing all aspects of our human resources processes
in place to support our employees. None of our current workforce is covered under collective bargaining agreements and we consider our relations with our
employees to be good.

Our human capital management philosophy and objectives are focused on ensuring we attract, engage and retain a workforce aligned with our high-
performance culture. We have efforts underway focused on professional development and engagement. We hold regular all employee update meetings and
utilize frequent email communications from management to keep our employees well-informed. We solicit feedback through periodic employee surveys. We
support employee growth and development at all levels in the organization and all employees have annual professional development goals.
We strive to provide pay, benefits, and services that are competitive to market and create incentives to attract and retain employees. We have a pay-for-performance compensation philosophy that ties compensation to the performance of the company and the individual. Our compensation package includes market-competitive salary, broad-based performance bonuses and equity grants. We seek fairness in total compensation utilizing external market data to ensure pay levels are competitive, and internal equity reviews to provide fair pay within the company. We are committed to providing a comprehensive benefits package to our employees. We offer a variety of programs with flexibility to meet the individual health and wellness needs of our employees. We are working to find ways to give back to our communities and engage in corporate social responsibility initiatives. We provide all employees with eight hours of paid time off each year for volunteer activities to support a community organization of their choice. As we grow our employee base, we plan to extend our efforts in these areas.

Corporate and Other Information

Our principal executive offices are located at 10628 Science Center Drive, Ste. 200, San Diego, California, and our telephone number is (858) 926-5251. Our corporate website address is www.tptherapeutics.com and we regularly post copies of our press releases as well as additional information about us on our website. Our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, and amendments to reports filed pursuant to Sections 13(a) and 15(d) of the Securities Exchange Act of 1934, as amended (Exchange Act), are available free of charge on our website as soon as reasonably practicable after we electronically file such material with, or furnish it to, the Securities Exchange Commission (SEC). Information contained on or accessible through our website is not a part of this Annual Report, and the inclusion of our website address in this Annual Report is an inactive textual reference only.

Item 1A. Risk Factors.

RISK FACTORS

Except for the historical information contained herein or incorporated by reference, this Annual Report and the information incorporated by reference contains forward-looking statements that involve risks and uncertainties. These statements include projections about our accounting and finances, plans and objectives for the future, future operating and economic performance and other statements regarding future performance. These statements are not guarantees of future performance or events. Our actual results may differ materially from those discussed here. Factors that could cause or contribute to differences in our actual results include those discussed in the following section, as well as those discussed in Part II, Item 7 entitled “Management Discussion and Analysis of Financial Condition and Results of Operations” and elsewhere throughout this Annual Report and in any other documents incorporated by reference into this Annual Report. You should consider carefully the following risk factors, together with all of the other information included or incorporated in this Annual Report. Each of these risk factors, either alone or taken together, could adversely affect our business, operating results and financial condition, as well adversely affect the value of an investment in our common stock. There may be additional risks that we do not presently know of or that we currently believe are immaterial which could also impair our business and financial position.

Risks Related to Our Financial Position and Need for Additional Capital

We have incurred significant operating losses since our inception and have not generated any revenue from product sales. We expect to incur continued losses for the foreseeable future and may never achieve or maintain profitability.

Investment in drug discovery and development is a highly speculative undertaking and involves a substantial degree of risk. We are a clinical-stage precision oncology biopharmaceutical company that was formed in 2013 and commenced operations in 2014. We have no approved products for commercial sale and have not generated any revenue from product sales. We continue to incur significant research and development and other expenses related to our ongoing operations. As a result, we have never been profitable and have incurred losses in each year since inception. For the prior years ended December 31, 2020, 2019 and 2018, we reported net losses of $157.3 million, $72.1 million and $24.8 million, respectively. As of December 31, 2020, we had an accumulated deficit of $280.2 million.
Since our inception, we have focused substantially all of our efforts and financial resources on the research and development of our lead drug candidate, repotrectinib, and our other drug candidates. To date, we have funded our operations primarily with proceeds from sales of shares of our common stock and convertible preferred stock. From inception through December 31, 2020, we received an aggregate of $1,311.4 million in net proceeds from such sales. As of December 31, 2020, our cash and cash equivalents and marketable securities were $1,122.5 million.

We expect to incur increasing levels of operating losses for the foreseeable future, particularly as we advance repotrectinib, and our other drug candidates through clinical development. Our prior losses, combined with expected future losses, have had, and will continue to have, an adverse effect on our stockholders’ equity and working capital. We expect our research and development expenses to significantly increase in connection with our drug discovery activities and our ongoing and planned clinical trials, including the ongoing Phase 2 portion of TRIDENT-1, Phase 1 SHIELD-1 clinical trial of TPX-0022, Phase 1/2 clinical trial of repotrectinib in pediatric patients, and Phase 1/2 clinical trial of TPX-0046, and our planned Phase 2 clinical trial of TPX-0022, Phase 1/2 clinical trial of TPX-0131, and repotrectinib and TPX-0022 combination clinical trials and any other clinical trials or development activities we may choose to pursue. In addition, if we obtain marketing approval for repotrectinib or any of our other drug candidates, we will incur significant sales, marketing and outsourced manufacturing expenses in connection with the commercialization of these drug candidates. As a result, we expect to continue to incur significant and increasing operating losses for the foreseeable future. Because of the numerous risks and uncertainties associated with developing pharmaceutical products, we are unable to predict the extent of any future losses or when we will become profitable, if at all. Even if we do become profitable, we may not be able to sustain or increase our profitability on a quarterly or annual basis.

Our ability to become profitable depends upon our ability to generate revenue. To date, we have not generated any revenue from product sales and we do not know when, or if, we will generate any such revenue. If we enter into license or collaboration agreements for any of our drug candidates or intellectual property, such as the Zai Repotrectinib Agreement or the Zai TPX-0022 Agreement (collectively, the Zai License Agreements), we may generate revenue in the future from payments as a result of such license or collaboration agreements. Unless and until we are able to generate revenue from future product sales, we expect that our revenue, if any, will be derived primarily from the Zai License Agreements, as well as any collaborations or additional license agreements that we may enter into in the future. We do not expect to generate significant revenue unless and until we obtain marketing approval for, and begin to sell, repotrectinib or another drug candidate. Our ability to generate revenue depends on a number of factors, including, but not limited to, our ability to:

- successfully complete the Phase 2 portion of TRIDENT-1;
- initiate and successfully complete all safety, pharmacokinetic and other studies required to obtain U.S. and foreign marketing approval for repotrectinib as a treatment for patients with ROSI+ advanced NSCLC and patients with NTRK+ advanced solid tumors;
- initiate and successfully complete other later-stage clinical trials that meet their clinical endpoints, including our planned Phase 2 clinical trial of TPX-0022;
- obtain favorable results from our clinical trials and apply for and obtain marketing approval for repotrectinib or another drug candidate;
- establish licenses, collaborations or strategic partnerships that may increase the value of our programs;
- successfully manufacture or contract with others to manufacture repotrectinib and our other drug candidates;
- establish and maintain a sales, marketing and distribution infrastructure to commercialize any products for which we may obtain marketing approval, including, assisting our licensee Zai in its efforts to develop and, if approved, commercialize repotrectinib and TPX-0022 in Greater China, and/or entering into additional license and/or collaborations with third parties;
- obtain, maintain, protect and defend our intellectual property portfolio; and
- achieve market acceptance of repotrectinib and our other drug candidates in the medical community and with third-party payors.

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

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

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

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

**We will require substantial additional funding. If we are unable to raise capital on favorable terms when needed, we could be forced to delay, reduce or eliminate our research or drug development programs or any future commercialization efforts.**

We expect our expenses to increase substantially in connection with our ongoing activities, particularly as we advance our lead drug candidate, repotrectinib, TPX-0022, and our other drug candidates through clinical development and further develop our pipeline. We expect increased expenses as we continue our research and development, initiate additional clinical trials, and seek marketing approval for repotrectinib and our other drug candidates. In addition, if we obtain marketing approval for any of our drug candidates, we expect to incur significant commercialization expenses related to product manufacturing, marketing, sales and distribution. Furthermore, we expect to continue to incur significant costs associated with operating as a public company.

In addition, our drug candidates, if approved, may not achieve commercial success. Our commercial revenues, if any, will be derived from sales of products that we do not expect to be commercially available for sale for at least the next several years, if ever, and such funds, if raised, may not be sufficient to enable us to continue to implement our business strategy. Accordingly, we will need to obtain substantial additional funding in connection with our continuing operations. Adequate additional financing may not be available to us on favorable terms, or at all. In addition, the COVID-19 pandemic continues to rapidly evolve and has already resulted in a significant disruption of global financial markets. Our ability to raise additional capital may be adversely impacted by potential worsening global economic conditions and further disruptions to, and volatility in, the credit and financial markets in the United States and worldwide resulting from the pandemic. If such further disruption deepens, we could experience an inability to access additional capital. Further, we may seek additional capital due to favorable market conditions or strategic considerations even if we believe we have sufficient funds for our current or future operating plans. If we are unable to raise capital when needed or on favorable terms, we could be forced to delay, reduce or eliminate our research and development programs, our commercialization plans or other operations. We believe that our existing cash and cash equivalents and marketable securities as of December 31, 2020, will be sufficient to enable us to fund our operating expenses for at least the next 12 months. We have based this estimate on assumptions that may prove to be wrong, and we could use our capital resources sooner than we currently expect. Changes beyond our control may occur that would cause us to use our available capital before that time, including changes in and progress of our drug development activities and changes in regulation. Our future capital requirements will depend on many factors, including:

- the progress and results of our Phase 2 portion of TRIDENT-1, our Phase 1/2 pediatric study of repotrectinib and any other additional clinical trials evaluating repotrectinib;

- the scope, rate of progress, results and costs of drug design, preclinical development and clinical trials for the other drug candidates in our pipeline, including TPX-0022, TPX-0046 and TPX-0131;
• the extent to which we develop, in-license or acquire other pipeline drug candidates or technologies;
• the number and development requirements of other drug candidates that we may pursue, and other indications for our current drug candidates that we may pursue;
• the costs, timing and outcome of regulatory review of our drug candidates and any companion diagnostics we may pursue;
• the scope and costs of making arrangements with third-party manufacturers, or establishing manufacturing capabilities, for both clinical and commercial supplies of our drug candidates;
• the cost associated with commercializing any approved drug candidates, including to establish sales and marketing capabilities;
• the cost associated with completing any post-marketing studies or trials required by the FDA or other regulatory authorities;
• the revenue, if any, received from commercial sales of repotrectinib, if approved, or our other pipeline drug candidates that receive marketing approval;
• the achievement of milestones or occurrence of other developments that trigger payments, including, without limitation, milestone or royalty payments, to us under our Zai License Agreements or any collaboration or other license agreements that we may enter into in the future, if any;
• the costs of preparing, filing and prosecuting patent applications, maintaining and enforcing our intellectual property rights and defending intellectual property-related claims that we may become subject to;
• to the extent we pursue strategic collaborations, including additional collaborations to commercialize repotrectinib or any of our other drug candidates, our ability to establish and maintain collaborations on favorable terms, if at all; and
• the extent to which we acquire or in-license other drug candidates and associated intellectual property rights.

We will require additional capital to complete our planned clinical development programs for our current drug candidates to obtain regulatory approval. Any additional capital-raising efforts may divert our management from their day-to-day activities, which may adversely affect our ability to develop and commercialize our current and future drug candidates, if approved.

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

Until such time, if ever, as we can generate substantial product revenue, we expect to finance our cash needs through a combination of equity offerings, debt financings, collaborations, strategic alliances and marketing, distribution or licensing arrangements. We do not currently have any committed external source of funds. In addition, we may seek additional capital due to favorable market conditions or strategic considerations, even if we believe we have sufficient funds for our current or future operating plans. To the extent that we raise additional capital through the sale of equity or convertible debt securities, your ownership interest will be diluted, and the terms of these securities may include liquidation or other preferences that adversely affect your rights as a common stockholder. Debt financing and preferred equity financing, if available, may involve agreements that include covenants limiting or restricting our ability to take specific actions, such as incurring additional debt, making acquisitions or capital expenditures or declaring dividends. In August 2020, we entered into the ATM facility, under which we may offer and sell, from time to time, at our sole discretion, up to $250.0 million shares of our common stock. To date, we have not yet sold any shares of our common stock under the ATM facility.

If we raise additional funds through additional collaborations, strategic alliances or marketing, distribution or licensing arrangements with third parties, we may have to relinquish valuable rights to our technologies, future revenue streams, research programs or drug candidates or grant licenses on terms that may not be favorable to us. If we are unable to raise additional funds through equity or debt financings or other arrangements when needed, we may be required to delay, limit, reduce or terminate our research, product development or future commercialization efforts or grant rights to third parties to develop and market drug candidates that we would otherwise prefer to develop and market ourselves.
We are highly dependent on the success of our lead drug candidate, repotrectinib, which is currently in a Phase 2 potentially registrational clinical trial, and our other drug candidates which are in early clinical development. We have not successfully completed late-stage clinical trials or obtained regulatory approval for any drug candidate. We may never obtain approval for any of our drug candidates or achieve or sustain profitability.

Our future success is highly dependent on our ability to obtain regulatory approval for, and then successfully commercialize our lead product candidate, repotrectinib, and our other drug candidates which are in earlier stages of development. We currently have no products that are approved for sale. Our Phase 2 registrational portion of our TRIDENT-1 clinical trial for our lead drug candidate, repotrectinib, is ongoing and our other drug candidates currently in clinical trials, are only in Phase 1 studies. There can be no assurance that repotrectinib or our other drug candidates in development will achieve success in their clinical trials or obtain regulatory approval.

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

- successful completion of preclinical studies and clinical trials;
- acceptance of INDs by the FDA or other clinical trial or similar applications from foreign regulatory authorities for our future clinical trials for our pipeline drug candidates;
- timely and successful enrollment of patients in, and completion of, clinical trials with favorable results;
- demonstration of safety, efficacy and acceptable risk-benefit profiles of our drug candidates to the satisfaction of the FDA and foreign regulatory agencies;
- our ability, or that of our collaborators, to develop and obtain clearance or approval of companion diagnostics, on a timely basis, or at all;
- receipt and related terms of marketing approvals from applicable regulatory authorities, including the completion of any required post-marketing studies or trials;
- raising additional funds necessary to complete clinical development of and commercialize our drug candidates;
- obtaining and maintaining patent, trade secret and other intellectual property protection and regulatory exclusivity for our drug candidates;
- making arrangements with third-party manufacturers, or establishing manufacturing capabilities, for both clinical and commercial supplies of our drug candidates;
- developing and implementing marketing and reimbursement strategies;
- establishing sales, marketing and distribution capabilities and launching commercial sales of our products, if and when approved, whether alone or in collaboration with others such as Zai, our licensee for repotrectinib and TPX-0022 in Greater China;
- acceptance of our products, if and when approved, by patients, the medical community and third-party payors;
- effectively competing with other therapies;
- obtaining and maintaining third-party payor coverage and adequate reimbursement;
- protecting and enforcing our rights in our intellectual property portfolio; and
- maintaining a continued acceptable safety profile of the products following approval.
Many of these factors are beyond our control, and it is possible that none of our drug candidates will ever obtain regulatory approval even if we expend substantial time and resources seeking such approval. If we do not achieve one or more of these factors in a timely manner or at all, we could experience significant delays or an inability to successfully commercialize our drug candidates, which would materially harm our business. For example, our business could be harmed if results of our clinical trials of repotrectinib or our other drug candidates vary adversely from our expectations.

**Drug development involves a lengthy and expensive process. We may incur additional costs or experience delays in completing, or ultimately be unable to complete, the development and commercialization of repotrectinib or our other drug candidates.**

We currently have three drug candidates in clinical development and one drug candidate pending IND submission, and the risk of failure is high. We are unable to predict when or if our drug candidates will prove effective or safe in humans or will obtain marketing approval. Before obtaining marketing approval from regulatory authorities for the sale of any drug candidate, we must complete preclinical development and then conduct extensive clinical trials to demonstrate the safety and efficacy of our drug candidates in humans. Clinical testing is expensive, difficult to design and implement, can take many years to complete and is uncertain as to the outcome. A failure of one or more clinical trials can occur at any stage of testing. The outcome of preclinical testing and early clinical trials may not be predictive of the success of later clinical trials, and interim or preliminary results of a clinical trial do not necessarily predict final results. In particular, the small number of patients and limited geographies in our early clinical trials may make the results of these trials less predictive of the outcome of later clinical trials. Although we have observed encouraging preliminary overall response rates in the Phase 1 portion of our ongoing TRIDENT-1 clinical trial of repotrectinib, the primary objectives were to determine the safety, tolerability and maximum tolerated dose of repotrectinib and to determine a recommended Phase 2 dose and not to demonstrate efficacy. The assessments of efficacy from this portion of the clinical trial were not designed to demonstrate statistical significance and may not be predictive of the results of further clinical trials of repotrectinib. Additionally, the early interim data we reported from the Phase 2 portion of TRIDENT-1 in August 2020 and in January 2021 was only physician assessed data from a small subset of patients and may not be predictive of the final results of the trial. The preliminary interim data we reported from our TPX-0022 Phase 1 SHIELD-1 trial in October 2020 was only physician assessed data from the initial patients enrolled in the dose escalation portion of the trial and may not be predictive of the final results of the trial or of any further trials of TPX-0022.

We may experience numerous unforeseen events during, or as a result of, clinical trials that could delay or prevent our ability to obtain marketing approval or commercialize our drug candidates, including:

- regulators or institutional review boards (IRBs)/ethics committees (ECs) may not authorize us or our investigators to commence a clinical trial or conduct a clinical trial at a prospective trial site;
- we may experience delays in reaching, or fail to reach, agreement on acceptable clinical trial contracts or clinical trial protocols with prospective trial sites;
- clinical trials for our drug candidates may produce negative or inconclusive results, and we may decide, or regulators may require us, to conduct additional clinical trials, delay clinical trials or abandon product development programs;
- the number of patients required for clinical trials for our drug candidates may be larger than we anticipate, enrollment in these clinical trials may be slower than we anticipate, participants may drop out of these clinical trials at a higher rate than we anticipate or the duration of these clinical trials may be longer than we anticipate;
- competition for clinical trial participants from investigational and approved therapies may make it more difficult to enroll patients in our clinical trials;
- we or third-party collaborators may fail to obtain the clearance or approval of companion diagnostic tests, if required, on a timely basis, or at all;
- our third-party contractors may fail to meet their contractual obligations to us in a timely manner, or at all, or may fail to comply with regulatory requirements;
- we may have to suspend or terminate clinical trials for our drug candidates for various reasons, including a finding by us or by a Data Monitoring Committee for a trial that the participants are being exposed to unacceptable health risks;
- our drug candidates may have undesirable or unexpected side effects or other unexpected characteristics, causing us or our investigators, regulators or IRBs/ECs to suspend or terminate the trials;

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• the cost of clinical trials for our drug candidates may be greater than we anticipate;

• the supply or quality of our drug candidates or other materials necessary to conduct clinical trials for our drug candidates may be insufficient or inadequate and result in delays or suspension of our clinical trials; and

• we or a diagnostic development partner may fail to receive regulatory approval of a companion diagnostic for use with a marketed product.

Our product development costs will increase if we experience delays in preclinical studies or clinical trials or in obtaining marketing approvals. We do not know if any of our planned preclinical studies or clinical trials will begin in a timely basis or at all. We do not know whether any of our ongoing clinical trials will need to be restructured or will be completed on schedule, or at all. For example, the FDA may place a partial or full clinical hold on, any of our clinical trials for a variety of reasons. In February 2018, we received a Deficiency–Potential Hold Issues letter from the FDA stating that the number of patients treated in the Phase 1 portion of TRIDENT-1 exceeded the protocol-specified dose escalation enrollment plan. Additionally, the Development Safety Update Report (DSUR) and the Investigator’s Brochure (IB) had not been updated with available clinical safety information. Following discussion with the FDA, our IND was placed on partial clinical hold pending the submission of an amended protocol, an updated DSUR and updated IB. The partial clinical hold was removed on June 29, 2018 after the requested documents were revised and TRIDENT-1 resumed patient enrollment.

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

Any delays in the commencement or completion, or termination or suspension, of our ongoing, planned or future clinical trials could result in increased costs to us, delay or limit our ability to generate revenue and adversely affect our commercial prospects.

Before we can initiate clinical trials of a drug candidate in any indication, we must submit the results of preclinical studies to the FDA along with other information, including information about the drug candidate’s chemistry, manufacturing and controls and our proposed clinical trial protocol, as part of an IND or similar regulatory filing.

Before obtaining marketing approval from the FDA or comparable foreign regulatory authorities, for the sale of repotrectinib or any other drug candidate in any indication, we must conduct extensive clinical studies to demonstrate safety and efficacy. Clinical testing is expensive, time consuming and uncertain as to outcome. In addition, we expect to rely in part on preclinical, clinical and quality data generated by our CROs and other third parties for regulatory submissions for our drug candidates. While we have or will have agreements governing these third parties’ services, we have limited influence over their actual performance. If these third parties do not make data available to us, or, if applicable, make regulatory submissions in a timely manner, in each case pursuant to our agreements with them, our development programs may be significantly delayed and we may need to conduct additional studies or collect additional data independently. In either case, our development costs would increase. We will require the acceptance by the FDA of an IND prior to initiating any clinical trials in the United States for TPX-0131, or any future combination studies of any of our drug candidates, or for any of our other future potential drug candidates. The FDA may require us to conduct additional preclinical studies for any drug candidate before it allows us to initiate clinical trials under any IND, which may lead to additional delays and increase the costs of our preclinical development programs.

Any delays in the commencement or completion of our ongoing, planned or future clinical trials could significantly affect our product development costs. We do not know whether our planned trials will begin on time or at all, or be completed on schedule, if at all. The commencement and completion of clinical trials can be delayed for a number of reasons, including delays related to:

• the FDA or comparable foreign regulatory authorities disagreeing as to the design or implementation of our clinical trials or with our recommended dose for any of our pipeline programs;

• obtaining FDA or comparable foreign regulatory authorities’ authorization to commence a trial or reaching a consensus with regulatory authorities on trial design;

• failing to obtain regulatory clearance or approval of companion diagnostics we may use to identify patients for enrollment in our clinical trials;
• any failure or delay in reaching an agreement with CROs and clinical trial sites, the terms of which can be subject to extensive negotiation and may vary significantly among different CROs and trial sites;

• obtaining approval from one or more IRBs/ECs;

• IRBs/ECs refusing to approve, suspending or terminating the trial at an investigational site, precluding enrollment of additional subjects, or withdrawing their approval of the trial;

• changes to clinical trial protocol;

• clinical sites deviating from trial protocol or dropping out of a trial;

• failing to manufacture or obtain sufficient quantities of drug candidate or, if applicable, combination therapies for use in clinical trials;

• patients failing to enroll or remain in our trial at the rate we expect, or failing to return for post-treatment follow-up, including patients failing to remain in our trials due to movement restrictions, health reasons or otherwise resulting from the COVID-19 pandemic;

• patients choosing an alternative treatment, or participating in competing clinical trials;

• lack of adequate funding to continue the clinical trial;

• patients experiencing severe or unexpected drug-related adverse effects;

• occurrence of serious adverse events in trials of the same class of agents conducted by other companies;

• selecting or being required to use clinical end points that require prolonged periods of clinical observation or analysis of the resulting data;

• a facility manufacturing our drug candidates or any of their components being ordered by the FDA to temporarily or permanently shut down due to violations of current good manufacturing practice (cGMP) regulations or other applicable requirements, or infections or cross-contaminations of drug candidates in the manufacturing process;

• interruptions to operations of clinical sites, manufacturers, suppliers, or other vendors from a health epidemic or pandemic such as COVID-19;

• any changes to our manufacturing process that may be necessary or desired;

• third-party clinical investigators losing the licenses or permits necessary to perform our clinical trials, not performing our clinical trials on our anticipated schedule or consistent with the clinical trial protocol, good clinical practices (GCP) or other regulatory requirements;

• us, or our third-party contractors not performing data collection or analysis in a timely or accurate manner or improperly disclosing data prematurely or otherwise in violation of a clinical trial protocol; or

• third-party contractors becoming debarred or suspended or otherwise penalized by the FDA or other government or regulatory authorities for violations of regulatory requirements, in which case we may need to find a substitute contractor, and we may not be able to use some or all of the data produced by such contractors in support of our marketing applications.

We could also encounter delays if a clinical trial is suspended or terminated by us, by the IRBs/ECs of the institutions in which such trials are being conducted, by a Data Monitoring Committee for such trial or by the FDA. Such authorities may impose such a suspension or termination due to a number of factors, including failure to conduct the clinical trial in accordance with regulatory requirements or our clinical protocols, inspection of the clinical trial operations or trial site by the FDA resulting in the imposition of a clinical hold, unforeseen safety issues or adverse side effects, failure to demonstrate a benefit from using a pharmaceutical, changes in governmental regulations or administrative actions or lack of adequate funding to continue the clinical trial. In addition, changes in regulatory requirements and policies may occur, and we may
need to amend clinical trial protocols to comply with these changes. Amendments may require us to resubmit our clinical trial protocols to IRBs/ECs for reexamination, which may impact the costs, timing or successful completion of a clinical trial.

Certain of our scientific advisors or consultants who have received compensation from us are investigators for our clinical trials. Under certain circumstances, we may be required to report some of these relationships to the FDA. Although we believe our existing relationships are within the FDA’s guidelines, the FDA may conclude that a financial relationship between us and a principal investigator has created a conflict of interest or otherwise affected interpretation of the study. The FDA may therefore question the integrity of the data generated at the applicable clinical trial site and the utility of the clinical trial itself may be jeopardized. This could result in a delay in approval, or rejection, of our marketing applications by the FDA and may ultimately lead to the denial of marketing approval of repotrectinib or other drug candidates. If we experience delays in the completion of, or termination of, any clinical trial of repotrectinib or any other drug candidate, the commercial prospects of such drug candidate will be harmed, and our ability to generate product revenues will be delayed. Moreover, any delays in completing our clinical trials will increase our costs, slow down our development and approval process and jeopardize our ability to commence product sales and generate revenues, which may harm our business, financial condition, results of operations and prospects significantly.

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

We may not be able to initiate or continue our ongoing or planned clinical trials for our drug candidates if we are unable to identify and enroll a sufficient number of eligible patients to participate in these trials as required by the FDA. In addition, some of our competitors may have planned or ongoing clinical trials or expanded access programs for approved and/or investigational drugs that would treat the same patients as repotrectinib or our other drug candidates, and patients who would otherwise be eligible for our clinical trials may instead enroll in our competitors’ clinical trials or expanded access programs. This is acutely relevant for our development of repotrectinib for the treatment of patients with **ROS1**+ advanced NSCLC and **NTRK**+ advanced solid tumors, development of TPX-0022 for the treatment of **MET**+ advanced solid tumors and our development of TPX-0046 for the treatment of patients with **RET**+ advanced solid tumors, indications for which approved and/or investigational drugs are competing for clinical trial participants. Patient enrollment is also affected by other factors, including:

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

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• our ability to obtain and maintain patient consents;
• proximity and availability of clinical trial sites for prospective patients, and
• our ability to timely activate clinical trial sites during the ongoing COVID-19 pandemic.

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

**The COVID-19 pandemic has impacted our TRIDENT-1 clinical trial and could adversely impact our other clinical trials and business.**

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

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

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Such disruptions could impede, delay, limit or prevent completion of our ongoing clinical trials and preclinical studies or commencement of new clinical trials and ultimately lead to the delay or denial of regulatory approval of our product candidates, which would seriously harm our operations and financial condition and increase our costs and expenses. We are in close contact with our CROs and clinical sites as we seek to mitigate the impact of COVID-19 on our studies and current timelines. Measures we have taken in response to COVID-19, include where feasible, conducting remote clinical trial site activations and data monitoring, enabling patients to have routine tests conducted closer to home, allowing trial sites to evaluate certain patients remotely, in compliance with their local procedures and direct-to-patient study drug shipping. Such greater dependency on electronic monitoring could prove to be less reliable and could increase data privacy and cybersecurity risks. However, despite these efforts, we have experienced some temporary delays or disruptions due to the COVID-19 pandemic, in particular with respect to activation of additional clinical trial sites and patient screening and enrollment. We may also experience delays in trial data collection and analysis. These delays could have an adverse impact on our timelines and our business. If patients drop out of our trials, miss scheduled doses or follow-up visits or otherwise fail to follow trial protocols, or if our trials are otherwise disputed due to COVID-19 or actions taken to slow its spread, the integrity of data from our trials may be compromised or not accepted by the FDA or other regulatory authorities, which would represent a significant setback for the applicable program and could have an adverse impact on our business. The COVID-19 pandemic could also affect the business of the FDA, EMA or other health authorities, which could result in delays in meetings related to planned or completed clinical trials and ultimately of reviews and approvals of our product candidates. The global COVID-19 pandemic continues to rapidly evolve. The extent to which the COVID-19 pandemic may impact our business and clinical trials will depend on future developments, which are highly uncertain and cannot be predicted with confidence, such as the ultimate geographic spread of the disease, the duration of the pandemic, travel restrictions and social distancing in the United States and other countries, business closures or business disruptions and the effectiveness of actions taken in the United States and other countries to contain and treat the disease.

Adverse side effects or other safety risks associated with repotrectinib, TPX-0022 or our other drug candidates could delay or preclude approval, cause us to suspend or discontinue clinical trials or abandon further development, limit the commercial profile of an approved label, or result in significant negative consequences following marketing approval, if any.

Results of clinical trials of our drug candidates could reveal a high and unacceptable severity and prevalence of side effects or unexpected characteristics. Undesirable side effects caused by our drug candidates could result in the delay, suspension or termination of clinical trials by us or the FDA for a number of reasons. Additionally, due to the high mortality rates of the cancers for which we are initially pursuing development and the pretreated nature of many patients in our clinical trials of repotrectinib, TPX-0022 and TPX-0046, a material percentage of patients in these clinical trials may die during a trial, which could impact development of our drug candidates. If we elect or are required to delay, suspend or terminate any clinical trial, the commercial prospects of our drug candidates will be harmed and our ability to generate product revenues from this drug candidate will be delayed or eliminated. Serious adverse events observed in clinical trials could hinder or prevent market acceptance of our drug candidates. Any of these occurrences may harm our business, prospects, financial condition and results of operations significantly.

Moreover, if our drug candidates are associated with undesirable side effects in clinical trials or have characteristics that are unexpected, we may elect to abandon or limit their development to more narrow uses or subpopulations in which the undesirable side effects or other characteristics are less prevalent, less severe or more acceptable from a risk-benefit perspective, which may limit the commercial expectations for our drug candidates, if approved. We may also be required to modify our study plans based on findings in clinical trials of our drug candidates. Many drugs that initially showed promise in early stage testing have later been found to cause side effects that prevented further development. In addition, regulatory authorities may draw different conclusions or require additional testing to confirm these determinations. Zai has rights to develop and commercialize products containing repotrectinib and products containing TPX-0022 within Greater China. If serious adverse events occur during any clinical trials Zai conducts with respect to repotrectinib or TPX-0022, the FDA and other regulatory authorities may delay, limit or deny approval of repotrectinib or TPX-0022 or require us to conduct additional clinical trials as a condition to marketing approval, which would increase our costs.

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

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

- regulatory authorities may withdraw approval of the drug;
- we may be required to recall a product or change the way the drug is administered to patients;
- regulatory authorities may require additional warnings on the label, such as a “black box” warning or a contraindication, or issue safety alerts, Dear Healthcare Provider letters, press releases or other communications containing warnings or other safety information about the product;
- we may be required to implement a Risk Evaluation and Mitigation Strategy (REMS) or create a medication guide outlining the risks of such side effects for distribution to patients;
- additional restrictions may be imposed on the marketing or promotion of the particular product or the manufacturing processes for the product or any component thereof;
- we could be sued and held liable for harm caused to patients;
- the drug could become less competitive; and
- our reputation may suffer.

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

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

From time to time, we may publicly disclose preliminary, interim or topline data from our clinical trials, such as the preliminary interim data from the Phase 1 and Phase 2 portions of our repotrectinib TRIDENT-1 trial and the preliminary interim data from our TPX-0022 Phase 1 SHIELD-1 trial. These interim updates are based on a preliminary analysis of then-available data, and the results and related findings and conclusions are subject to change following a more comprehensive review of the data related to the particular study or trial. For our TRIDENT-1 data updates in August 2020 and January 2021, we reported preliminary safety and efficacy data as assessed by trial investigators, or physician assessment, using standard RECIST v1.1 criteria. The primary endpoint of the study is overall response rate (ORR) determined not by trial investigators but rather blinded independent central review (BICR) to limit any potential bias implemented by the treating physicians in the overall efficacy assessments. Published literature demonstrates that there is often a discordance between physician assessments and BICR assessments with the physician assessed overall response data often being higher than that by BICR. There is a risk that the preliminary physician assessed TRIDENT-1 data we reported in August 2020 and in January 2021 could be materially different from the BICR assessed data.

We also make assumptions, estimations, calculations and conclusions as part of our analyses of data, and we may not have received or had the opportunity to fully and carefully evaluate all data. As a result, the interim, preliminary and topline results that we report may differ from future results of the same studies, or different conclusions or considerations may qualify such results, once additional data have been received and fully evaluated. Tpline data also remain subject to audit and verification procedures that may result in the final data being materially different from the preliminary data we previously published. As a result, topline data should be viewed with caution until the final data are available. In addition, we may report interim analyses of only certain endpoints rather than all endpoints. Interim data from clinical trials that we may complete are subject to the risk that one or more of the clinical outcomes may materially change as patient enrollment continues and more patient data become available. Adverse changes between interim data and final data could significantly harm our business and prospects. Further, additional disclosure of interim data by us or by our competitors in the future could result in volatility in the price of our common stock.

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

**If we are unable to successfully develop companion diagnostic tests for our drug candidates that require such tests, or experience significant delays in doing so, we may not realize the full commercial potential of these drug candidates.**

We plan to develop, either by ourselves or with collaborators, companion diagnostic tests for our drug candidates for certain indications. To be successful, we or our collaborators will need to address a number of scientific, technical, regulatory and logistical challenges. We have no prior experience with medical device or diagnostic test development. If we choose to develop and seek FDA approval for companion diagnostic tests on our own, we will require additional personnel. We may rely on third parties for the design, development and manufacture of companion diagnostic tests for our therapeutic drug candidates that require such tests. If these parties are unable to successfully develop companion diagnostics for these therapeutic drug candidates, or experience delays in doing so, we may be unable to enroll enough patients for our current and planned clinical trials, the development of these therapeutic drug candidates may be adversely affected, these therapeutic drug candidates may not obtain marketing approval, and we may not realize the full commercial potential of any of these therapeutics that obtain marketing approval.

We have developed a prototype companion diagnostic that is being used as a clinical trial assay to confirm the presence of ROS1+ or NTRK+ gene fusions in patients in the Phase 2 portion of TRIDENT-1. We are also enrolling patients into the Phase 2 portion of TRIDENT-1 based on the results of select laboratory developed tests (LDTs) and other tests used by the clinical sites. There is no guarantee that the results obtained from such LDTs or other tests will be consistent with the results obtained from our prototype companion diagnostic. Any inconsistency may result in inclusion of patients with false positive test results that could adversely impact the results of the clinical trial and adversely impact the development and approval of a companion diagnostic. We have selected a diagnostic partner to support development of the companion diagnostic and filing of a PMA application to the FDA. In May 2019, the FDA approved an investigational device exemption (IDE) for use of this clinical trial assay in the Phase 2 portion of TRIDENT-1 and the assay was CE-marked under the In-Vitro Diagnostic Medical Device Directive (IVDD) in Europe. An approved companion diagnostic may be required in order to obtain marketing approval of repotrectinib in patients with ROS1+ advanced NSCLC and patients with NTRK+ advanced solid tumors. Any failure to successfully develop this companion diagnostic may prevent us from ultimately seeking approval for repotrectinib in patients with ROS1+ advanced NSCLC and patients with NTRK+ advanced solid tumors. As a result, our business, results of operations and financial condition could be materially harmed.

The failure to obtain required regulatory clearances or approvals for any companion diagnostic tests that we may pursue may prevent or delay approval of any of our drug candidates. Moreover, the commercial success of any of our drug candidates that require a companion diagnostic will be tied to the receipt of any required regulatory clearances or approvals and the continued availability of such tests.

In connection with the clinical development of our drug candidates for certain indications, we may work with collaborators to develop or obtain access to companion diagnostic tests to identify appropriate patients for our drug candidates. We may rely on third parties for the development, testing and manufacturing of these companion diagnostics, the application for and receipt of any required regulatory clearances or approvals, and the commercial supply of these companion diagnostics. The FDA and foreign regulatory authorities regulate companion diagnostics as medical devices that will likely be subject to analytical and clinical validation studies in conjunction with the clinical trials for drug candidates, and which will require separate regulatory clearance or approval prior to commercialization. This process could include additional meetings with health authorities, such as a pre-submission meeting and the requirement to submit an IDE. In the case of a companion diagnostic that is designated as “significant risk device,” such as the clinical trial assay we are using in the Phase 2 portion of TRIDENT-1, approval of an IDE by the FDA and IRB is required before such diagnostic is used in conjunction with the clinical trials for a corresponding drug candidate. In May 2019 the FDA approved an IDE for the clinical trial assay we are using in the Phase 2 portion of TRIDENT-1. We or our third-party collaborators may fail to obtain the required regulatory clearances or approvals, which could prevent or delay approval of our drug candidates. In addition, the commercial success of any of our drug candidates that require a companion diagnostic will be tied to and dependent upon the receipt of required regulatory clearances or approvals and the continued availability of such third parties to make the companion diagnostic commercially available to us on reasonable terms in the relevant geographies.
We may expend our limited resources to pursue a particular drug candidate or indication and fail to capitalize on drug candidates or indications that may be more profitable or for which there is a greater likelihood of success.

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

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

A key element of our strategy is to apply our knowledge and our understanding of the structure, biology and activity of kinase inhibitors to design drug candidates. The therapeutic design and development activities that we are conducting may not be successful in developing drug candidates that are useful in treating cancer or other diseases. Our research programs may initially show promise in identifying potential drug candidates, yet fail to yield drug candidates for clinical development for a number of reasons, including:

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

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

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

Regulatory authorities in some jurisdictions, including the United States, may designate drugs for relatively small patient populations as “orphan drugs.” Under the Orphan Drug Act, the FDA may designate a drug candidate as an orphan drug if it is intended to treat a rare disease or condition, which is generally defined as a patient population of fewer than 200,000 individuals in the United States, or if the disease or condition affects more than 200,000 individuals in the United States and there is no reasonable expectation that the cost of developing and making a drug product available in the United States for the type of disease or condition will be recovered from sales of the product.

Orphan drug designation entitles a party to financial incentives, such as opportunities for grant funding towards clinical trial costs, tax advantages and user-fee waivers. Additionally, if a product that has orphan designation subsequently receives the first FDA approval for the disease or condition for which it has such designation, the product is entitled to orphan drug exclusivity. This means that the FDA may not approve any other applications to market the same drug or biological product for the same indication for seven years, except in certain circumstances, including proving clinical superiority (i.e., another product is safer, more effective or makes a major contribution to patient care) to the product with orphan exclusivity. Competitors, however, may receive approval of different products for the indication for which the orphan product has exclusivity, or obtain approval for the same product but for a different indication than that for which the orphan product has exclusivity. In addition, exclusive marketing rights in the United States may be limited if we seek approval for an indication broader than the orphan-designated indication or may be lost if the FDA later determines that the request for designation was materially defective.

We have obtained orphan drug designation in the United States for use of repotrectinib in treatment of NSCLC with adenocarcinoma histology. We may apply for similar designations in other geographies or for our other drug candidates in the future. Orphan drug status does not ensure that we will receive marketing exclusivity in a particular market, and we cannot assure you that any future application for orphan drug designation in any other geography or with respect to any other drug candidate will be granted. Orphan drug designation neither shortens the development time or regulatory review time of a drug, nor gives the drug any advantage in the regulatory review or approval process.
Risks Related to Our Dependence on Third Parties

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

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

There is no guarantee that any such CROs, clinical trial investigators or other third parties on which we rely will devote adequate time and resources to our development activities or perform as contractually required. If any of these third parties fail to meet expected deadlines, adhere to our clinical protocols or meet regulatory requirements, otherwise perform in a substandard manner, or terminate their engagements with us, the timelines for our development programs may be extended or delayed or our development activities may be suspended or terminated. If our clinical trial site terminates for any reason, we may experience the loss of follow-up information on subjects enrolled in such clinical trial unless we are able to transfer those subjects to another qualified clinical trial site, which may be difficult or impossible. In addition, certain of our scientific advisors or consultants who receive compensation from us are clinical trial investigators for our clinical trial. Although we believe our existing relationships are within the FDA's guidelines, if these relationships and any related compensation result in perceived or actual conflicts of interest, or the FDA concludes that the financial relationship may have affected the interpretation of the trial, the integrity of the data generated at the applicable clinical trial site may be questioned and the utility of the clinical trial itself may be jeopardized, which could result in the delay or rejection of any marketing application we submit by the FDA. Any such delay or rejection could prevent us from commercializing repotrectinib or any other drug candidates.

Furthermore, these third parties may also have relationships with other entities, some of which may be our competitors for whom they may also be conducting clinical trials or other pharmaceutical product development activities that could harm our competitive position. If these third parties do not successfully carry out their contractual duties, meet expected deadlines or conduct our clinical trials in accordance with regulatory requirements or our stated protocols, we will not be able to obtain, or may be delayed in obtaining, marketing approvals for repotrectinib or any other drug candidates and will not be able to, or may be delayed in our efforts to, successfully commercialize our products.

Manufacturing pharmaceutical products is complex and subject to product loss for a variety of reasons. We contract with third parties for the manufacture of our drug candidates for preclinical testing and clinical trials and expect to continue to do so for commercialization. This reliance on third parties increases the risk that we will not have sufficient quantities of our drug candidates or products or such quantities at an acceptable cost or quality, which could delay, prevent or impair our development or commercialization efforts.

We do not have any manufacturing facilities. We produce in our laboratory very small quantities of small molecules for evaluation in our research programs. We rely, and expect to continue to rely, on third parties for the manufacture of our drug candidates for preclinical and clinical testing, as well as for commercial manufacture if any of our drug candidates obtain marketing approval. This reliance on third parties increases the risk that we will not have sufficient quantities of our drug candidates or products or such quantities at an acceptable cost or quality, which could delay, prevent or impair our
development or commercialization efforts. We rely heavily on manufacturers in China for starting materials for our drug candidates. Any delays or interruptions in the supply of starting materials for the manufacture of any of our drug candidates could delay, prevent or impair our development or commercialization efforts. We currently have sufficient supply or plans for supply to meet our anticipated clinical development needs for repotrectinib, TPX-0022, TPX-0046 and TPX-0131 through 2021. However, depending on the length and ultimate impact of the COVID-19 pandemic, our suppliers could be adversely impacted, which may result in delays or disruptions in our current or future supply chain.

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

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

We have only limited supply arrangements in place with respect to our drug candidates, and these arrangements do not extend to commercial supply. We acquire many key materials on a purchase order basis. As a result, we do not have long-term committed arrangements with respect to our drug candidates and other materials. If we obtain marketing approval for any of our drug candidates, we will need to have established an agreement for commercial manufacture with a third party.

Third-party manufacturers may not be able to comply with cGMP regulations or similar regulatory requirements outside of the United States. Our failure, or the failure of our third-party manufacturers and suppliers, to comply with applicable regulations could result in sanctions being imposed on us, including clinical holds, fines, injunctions, civil penalties, delays, suspension or withdrawal of approvals, license revocation, seizures or recalls of drug candidates or products, operating restrictions and criminal prosecutions, any of which could significantly and adversely affect supplies of our products. In addition, our third-party manufacturers and suppliers are subject to numerous environmental, health and safety laws and regulations, including those governing the handling, use, storage, treatment and disposal of waste products, and failure to comply with such laws and regulations could result in significant costs associated with civil or criminal fines and penalties for such third parties. Based on the severity of regulatory actions that may be brought against these third parties in the future, our clinical or commercial supply of drug and packaging and other services could be interrupted or limited, which could harm our business.

Our drug candidates and any products that we may develop may compete with other drug candidates and products for access to manufacturing facilities. As a result, we may not obtain access to these facilities on a priority basis or at all. There are a limited number of manufacturers that operate under cGMP regulations and that might be capable of manufacturing for us.
As we prepare for later-stage clinical trials and potential commercialization, we will need to take steps to increase the scale of production of our drug candidates. We have not yet scaled up the manufacturing process for any of our drug candidates. Even minor deviations from normal manufacturing processes could result in reduced production yields, product defects and other supply disruptions. If microbial, viral or other contaminations are discovered in our drug candidates or in the manufacturing facilities in which our drug candidates are made, such manufacturing facilities may need to be closed for an extended period of time to investigate and remedy the contamination.

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

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

We may enter into collaborations with third parties for the development and commercialization of our drug candidates. If those collaborations, including, without limitation, our license arrangements with Zai for the development and commercialization of repotrectinib and TPX-0022 in Greater China, are not successful, we may not be able to capitalize on the market potential of these drug candidates.

We currently have and may in the future seek third-party collaborators for the development and commercialization of some of our drug candidates on a selected basis. Our likely collaborators for any collaboration arrangements include large and mid-size pharmaceutical companies, regional and national pharmaceutical companies and biotechnology companies. For example, we have granted to Zai, a China and U.S.-based commercial stage biopharmaceutical company, rights to develop and commercialize products containing repotrectinib in Greater China and recently also granted to Zai rights to develop and commercialize products containing TPX-0022 in Greater China. Consequently, our ability to generate any revenues from repotrectinib or TPX-0022 in Greater China depends on our ability to maintain our collaborations with Zai. We have limited control over the amount and timing of resources that Zai will dedicate to these efforts. We face significant competition in seeking appropriate collaborators. Our ability to reach a definitive agreement for any future collaboration we may seek, will depend, among other things, upon our assessment of the collaborator’s resources and expertise, the terms and conditions of the proposed collaboration and the proposed collaborator’s evaluation of a number of factors.

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

• collaborators have significant discretion in determining the efforts and resources that they will apply to these collaborations and may not perform their obligations as expected;

• collaborators may de-emphasize or not pursue development and commercialization of our drug candidates or may elect not to continue or renew development or commercialization programs based on clinical trial results, changes in the collaborators’ strategic focus, including as a result of a sale or disposition of a business unit or development function, or available funding or external factors such as an acquisition that diverts resources or creates competing priorities;

• collaborators may delay clinical trials, provide insufficient funding for a clinical trial program, stop a clinical trial or abandon a drug candidate, repeat or conduct new clinical trials or require a new formulation of a drug candidate for clinical testing;
• collaborators could independently develop, or develop with third parties, products that compete directly or indirectly with our products or drug candidates if the collaborators believe that competitive products are more likely to be successfully developed or can be commercialized under terms that are more economically attractive than ours;

• a collaborator with marketing and distribution rights to multiple products may not commit sufficient resources to the marketing and distribution of our product relative to other products;

• collaborators may not properly obtain, maintain, defend or enforce our intellectual property rights or may use our proprietary information and intellectual property in such a way as to invite litigation or other intellectual property related proceedings that could jeopardize or invalidate our proprietary information and intellectual property or expose us to potential litigation or other intellectual property related proceedings;

• disputes may arise between the collaborators and us that result in the delay or termination of the research, development or commercialization of our products or drug candidates or that result in costly litigation or arbitration that diverts management attention and resources;

• collaborations may be terminated and, if terminated, may result in a need for additional capital to pursue further development or commercialization of the applicable drug candidates;

• collaboration agreements may not lead to development or commercialization of drug candidates in the most efficient manner or at all; and

• if a collaborator of ours were to be involved in a business combination, the continued pursuit and emphasis on our product development or commercialization program could be delayed, diminished or terminated.

If our license arrangements with Zai, or any future license or collaboration we may enter into, if any, is not successful, our business, financial condition, results of operations, prospects and development and commercialization efforts may be adversely affected. Any termination or expiration of either of the Zai License Agreements, or any future license or collaboration we may enter into, if any, could adversely affect us financially or harm our business reputation, development and commercialization efforts.

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

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

The clinical development, manufacturing, labeling, packaging, storage, recordkeeping, advertising, promotion, export, import, marketing, distribution, adverse event reporting, including the submission of safety and other post-marketing information and reports, and other possible activities relating to our drug candidates are subject to extensive regulation. Marketing approval of drugs in the United States requires the submission of a new drug application (NDA) to the FDA and we are not permitted to market any drug candidate in the United States until we obtain approval from the FDA of the NDA for that product. An NDA must be supported by extensive clinical and preclinical data, as well as extensive information regarding pharmacology, chemistry, manufacturing and controls.

FDA approval of an NDA is not guaranteed, and the review and approval process is an expensive and uncertain process that may take several years. The FDA also has substantial discretion in the approval process. The number and types of preclinical studies and clinical trials that will be required for FDA approval varies depending on the drug candidate, the disease or the condition that the drug candidate is designed to treat and the regulations applicable to any particular drug candidate. For example, if successful, we believe that the Phase 2 portion of TRIDENT-1 may be sufficient to support FDA approval of an NDA for repotrectinib, but the FDA may disagree with the sufficiency of our data and require additional clinical trials. Additionally, depending upon the results of the Phase 2 portion of TRIDENT-1, we may choose to seek Subpart H Accelerated Approval for repotrectinib, which would require completion of a confirmatory trial or trials to validate the clinical benefit of the drug. Despite the time and expense associated with preclinical studies and clinical trials, failure can occur at any stage. The results of preclinical and early clinical trials of repotrectinib or any other drug candidate may not be predictive of the results of our later-stage clinical trials.

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

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

- may not deem our drug candidate to be adequately safe and effective as compared to available therapies;
- may not agree that the data collected from preclinical studies and clinical trials are acceptable or sufficient to support the submission of an NDA or other submission or to obtain regulatory approval, and may impose requirements for additional preclinical studies or clinical trials;
- may determine that adverse events experienced by participants in clinical trials of our drug candidates represent an unacceptable level of risk;
- may determine that population studied in the clinical trial may not be sufficiently broad or representative to assure safety in the full population for which we seek approval;
- may not accept clinical data from trials, which are conducted at clinical facilities or in countries where the standard of care is potentially different from that of the United States;
- may disagree regarding the formulation, labeling and/or the specifications;
- may not approve the manufacturing processes or facilities associated with our drug candidate;
- may change approval policies or adopt new regulations; or
- may not accept a submission due to, among other reasons, the content or formatting of the submission.

Generally, public concern regarding the safety of pharmaceutical products could delay or limit our ability to obtain regulatory approval, result in the inclusion of unfavorable information in our labeling, or require us to undertake other activities that may entail additional costs. We have not obtained FDA approval for any product. This lack of experience may impede our ability to obtain FDA approval in a timely manner, if at all, for repotrectinib or any of our other drug candidates.

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

A breakthrough therapy designation by the FDA for repotrectinib, may not lead to a faster development or regulatory review or approval process, and it does not increase the likelihood that repotrectinib will receive marketing approval.

The FDA has granted breakthrough therapy designation to repotrectinib for the treatment of patients for the treatment of patients with ROS1+ metastatic NSCLC who have not been treated with a ROS1 TKI. We may also seek breakthrough therapy designation for other indications or for some of our other drug candidates. A breakthrough therapy is defined as a drug that is intended, alone or in combination with one or more other drugs, to treat a serious or life-threatening disease or condition, and preliminary clinical evidence indicates that the drug may demonstrate substantial improvement over existing therapies on one or more clinically significant endpoints, such as substantial treatment effects observed early in clinical development. For drugs that have been designated as breakthrough therapies, interaction and communication between the FDA and the sponsor of the trial can help to identify the most efficient path for clinical development while minimizing the number of patients placed in ineffective control regimens.
A fast track designation by the FDA may not actually lead to a faster development or regulatory review or approval process for our drug candidates.

The FDA has granted fast track designation to repotrectinib for the treatment of (i) NTRK+ advanced solid tumor patients who have progressed following treatment with at least one prior line of chemotherapy and one or two prior TRK TKIs, (ii) ROSI+ advanced NSCLC patients who have been previously treated with one prior line of platinum-based chemotherapy and one prior line of a ROS1 TKI and (iii) ROSI+ advanced NSCLC patients who have not been previously treated with a ROS1 TKI. We may also seek fast track designation for other indications or for some of our other drug candidates. If a drug is intended for the treatment of a serious or life-threatening condition and the drug demonstrates the potential to address unmet medical needs for this condition, the drug sponsor may apply for fast track designation. The FDA has broad discretion whether or not to grant this designation, so even if we believe a particular drug candidate is eligible for this designation, we cannot assure you that the FDA would decide to grant it. Even though we have received fast track designation for repotrectinib for the treatment of (i) NTRK+ advanced solid tumor patients who have progressed following treatment with at least one prior line of chemotherapy and one or two prior TRK TKIs, (ii) ROSI+ advanced NSCLC patients who have been previously treated with one prior line of platinum-based chemotherapy and one prior line of a ROS1 TKI and (iii) ROSI+ advanced NSCLC patients who have not been previously treated with a ROS1 TKI, or even if we receive fast track designation for other indications or for our other drug candidates, we may not experience a faster development process, review or approval. The FDA may withdraw fast track designation if it believes that the designation is no longer supported by data from our clinical development program.

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

In order to market and sell our products in the European Union (EU) or other jurisdictions outside the United States, we must obtain separate marketing approvals and comply with numerous and varying regulatory requirements. Zai is responsible for obtaining marketing approval for repotrectinib and TPX-0022 in Greater China. The approval procedure varies among countries and can involve additional testing. The time required to obtain approval may differ substantially from that required to obtain FDA approval. The regulatory approval process outside the United States generally includes all of the risks associated with obtaining FDA approval. We may not obtain approvals from regulatory authorities outside the United States on a timely basis, if at all. Approval by the FDA does not ensure approval by regulatory authorities in other countries or jurisdictions, and approval by one regulatory authority outside the United States does not ensure approval by regulatory authorities in other countries or jurisdictions or by the FDA. In addition, in many countries outside the United States, it is required that the product be approved for reimbursement before the product can be approved for sale in that country. We may not be able to submit for marketing approvals and may not receive necessary approvals to commercialize our products in any market.

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

Even if marketing approval of a drug candidate is granted, an approved product and its manufacturer and marketer are subject to ongoing review and extensive regulation, which may include the requirement to implement a REMS or to conduct costly post-marketing studies or clinical trials and surveillance to monitor the safety or efficacy of the product. We must also comply with requirements concerning advertising and promotion for any of our drug candidates for which we obtain marketing approval. Promotional communications with respect to prescription drugs are subject to a variety of legal and regulatory restrictions and must be consistent with the information in the product’s approved labeling. Thus, we will not be able to promote any products we develop for indications or uses for which they are not approved. In addition, manufacturers of approved products and those manufacturers’ facilities are required to ensure that quality control and manufacturing procedures conform to cGMPs, which include requirements relating to quality control and quality assurance as well as the
corresponding maintenance of records and documentation and reporting requirements. We and our contract manufacturers could be subject to periodic unannounced inspections by the FDA to monitor and ensure compliance with cGMPs.

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

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

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

The FDA and other federal and state agencies, including the Department of Justice, closely regulate compliance with all requirements governing prescription drug products, including requirements pertaining to marketing and promotion of drugs in accordance with the provisions of the approved labeling and manufacturing of products in accordance with cGMP requirements. For example, the FDA and other agencies actively enforce the laws and regulations prohibiting the promotion of off-label uses, and a company that is found to have improperly promoted off-label uses may be subject to significant liability. Violations of such requirements may lead to investigations alleging violations of the Food, Drug, and Cosmetic Act (FDCA) and other statutes, including the False Claims Act and other federal and state healthcare fraud and abuse laws as well as state consumer protection laws. Our failure to comply with all regulatory requirements, and later discovery of previously unknown adverse events or other problems with our products, manufacturers or manufacturing processes, may yield various results, including:

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

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• refusal to permit the import or export of our products;

• product seizure; or

• injunctions or the imposition of civil or criminal penalties.

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

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

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

• the federal Anti-Kickback Statute prohibits, among other things, persons and entities from knowingly and willfully soliciting, offering, receiving or providing remuneration, directly or indirectly, in cash or in kind, to induce or reward, or in return for, either the referral of an individual for, or the purchase, order or recommendation of, any good or service, for which payment may be made under a federal healthcare program such as Medicare and Medicaid;

• the federal civil and criminal false claims laws, including the False Claims Act, which can be enforced by civil whistleblower or qui tam actions on behalf of the government, and the civil monetary penalties law, prohibit individuals or entities from, among other things, knowingly presenting, or causing to be presented false or fraudulent claims for payment by a federal government program, or making a false statement or record material to payment of a false claim or avoiding, decreasing or concealing an obligation to pay money to the federal government;

• the federal Health Insurance Portability and Accountability Act of 1996 (HIPAA), which, among other things, imposes criminal and civil liability for executing, or attempting to execute, a scheme to defraud any healthcare benefit program or knowingly and willingly falsifying, concealing or covering up a material fact or making false statements relating to healthcare matters;

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

• HIPAA as amended by the Health Information Technology for Economic and Clinical Health Act (HITECH), and their implementing regulations, which impose requirements on certain healthcare providers, health plans and healthcare clearinghouses, known as “covered entities,” and persons or entities that perform functions or activities that involve individually identifiable health information on behalf of a covered entity, known as “business associates,” including mandatory contractual terms as well as their covered subcontractors, with respect to safeguarding the privacy, security and transmission of individually identifiable health information;

• the federal transparency requirements under the Patient Protection and Affordable Care Act, as amended by the Health Care and Education Reconciliation Act of 2010 (collectively the ACA), requires certain manufacturers of certain drugs, devices, biologics and medical supplies to report to the Centers for Medicare & Medicaid Services (CMS) information related to payments and other transfers of value provided to physicians (defined to include doctors, dentists, optometrists, podiatrists and chiropractors), anesthesiologist assistants, and certified nurse midwives, and teaching hospitals and ownership and investment interests held by physicians and their immediate family members. Beginning in 2022, applicable manufacturers also will be required to report such information regarding its relationships with physician assistants, nurse practitioners, clinical nurse specialists, anesthesiologist assistants, certified registered nurse anesthetists and certified nurse midwives during the previous year; and
analogous state laws and regulations such as state anti-kickback and false claims laws and analogous non-U.S. fraud and abuse laws and regulations, may apply to sales or marketing arrangements and claims involving healthcare items or services reimbursed by non-governmental third-party payors, including private insurers. Some state laws require pharmaceutical companies to comply with the pharmaceutical industry’s voluntary compliance guidelines and the relevant compliance regulations promulgated by the federal government and may require drug manufacturers to report information related to payments and other transfers of value to physicians and other healthcare providers, marketing expenditures, or drug pricing. State and local laws require the registration of pharmaceutical sales representatives. State and non-U.S. laws that also govern the privacy and security of health information in some circumstances, many of which differ from each other in significant ways and often are not preempted by HIPAA, thus complicating compliance efforts.

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

Recently enacted and future legislation may increase the difficulty and cost for us to obtain marketing approval of and commercialize our drug candidates and decrease the prices we may obtain.

In the United States 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 marketing approval of our drug candidates, restrict or regulate post-approval activities and affect our ability to profitably sell any drug candidates for which we obtain marketing approval.

For example, the ACA was passed in March 2010 and substantially changed the way healthcare is financed by both governmental and private insurers, and continues to significantly impact the U.S. pharmaceutical industry.

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

• annual fees and taxes on manufacturers of certain branded prescription drugs;
• an annual, nondeductible fee on any entity that manufactures or imports specified branded prescription drugs and biologic products;
• a new Medicare Part D coverage gap discount program, in which manufacturers must now agree to offer 70% point-of-sale discounts off negotiated prices of applicable brand drugs to eligible beneficiaries during their coverage gap period, as a condition for the manufacturer’s outpatient drugs to be covered under Medicare Part D;
• a new methodology by which rebates owed by manufacturers under the Medicaid Drug Rebate Program are calculated for drugs that are inhaled, infused, instilled, implanted or injected;
• an increase in the statutory minimum rebates a manufacturer must pay under the Medicaid Drug Rebate Program and extended the rebate program to individuals enrolled in Medicaid managed care organizations;
• expansion of healthcare fraud and abuse laws, including the False Claims Act and the federal Anti-Kickback Statute, new government investigative powers, and enhanced penalties for noncompliance;
• extension of manufacturers’ Medicaid rebate liability;
• expansion of eligibility criteria for Medicaid programs;
• expansion of the entities eligible for discounts under the Public Health Service pharmaceutical pricing program;
• requirements to report financial arrangements with physicians, as defined by such law, and teaching hospitals;
• a requirement to annually report drug samples that manufacturers and distributors provide to physicians; and
• a Patient-Centered Outcomes Research Institute to oversee, identify priorities in, and conduct comparative clinical effectiveness research, along with funding for such research.

There have been executive, judicial and Congressional challenges to repeal or replace certain aspects of the ACA. While Congress has not passed comprehensive repeal legislation, it has enacted laws that modify certain provisions of the ACA such as removing penalties, starting January 1, 2019, for not complying with the ACA’s individual mandate to carry health insurance, eliminating the implementation of certain ACA-mandated fees, and increasing the point-of-sale discount that is owed by pharmaceutical manufacturers who participate in Medicare Part D. On December 14, 2018, a U.S. District Court Judge in the Northern District of Texas ruled that the individual mandate is a critical and inseverable feature of the ACA, and therefore, because it was repealed as part of the Tax Cuts and Jobs Act, the remaining provisions of the ACA are invalid as well. On December 18, 2019, the U.S. Court of Appeals for the 5th Circuit upheld the District Court ruling that the individual mandate was unconstitutional and remanded the case back to the District Court to determine whether the remaining provisions of the ACA are invalid as well. The United States Supreme Court is currently reviewing this case, although it is unclear when a decision will be made. It is also unclear how such litigation will impact the ACA and our business.

In addition, other legislative changes have been proposed and adopted since the ACA was enacted. On August 2, 2011, the Budget Control Act of 2011 was signed into law, which, among other things, created the Joint Select Committee on Deficit Reduction to recommend to Congress proposals for spending reductions. The Joint Select Committee did not achieve a targeted deficit reduction, triggering the legislation’s automatic reduction to several government programs. These changes include aggregate reductions to Medicare payments to providers of up to 2% per fiscal year, starting in 2013, and due to subsequent legislative amendments to the statute, will remain in effect through 2030, except for a temporary suspension from May 1, 2020 through March 31, 2021 due to the COVID-19 pandemic, unless additional Congressional action is taken. In January 2013, the American Taxpayer Relief Act of 2012 was signed into law, which, among other things, reduced Medicare payments to several providers, and increased the statute of limitations period for the government to recover overpayments to providers from three to five years. These laws may result in additional reductions in Medicare and other healthcare funding.

Further, there has been heightened governmental scrutiny recently over the manner in which drug manufacturers set prices for their marketed products, which has resulted in several Congressional inquiries and proposed and enacted federal and state legislation designed to, among other things, bring more transparency to product pricing, review the relationship between pricing and manufacturer patient programs, and reform government program reimbursement methodologies for drug products. At the federal level, the prior Presidential administration issued budget proposals for fiscal year 2021 includes a $135 billion allowance to support legislative proposals seeking to reduce drug prices, increase competition, lower out-of-pocket drug costs for patients, and increase patient access to lower-cost generic and biosimilar drugs. On March 10, 2020, the prior administration sent “principles” for drug pricing to Congress, calling for legislation that would, among other things, cap Medicare Part D beneficiary out-of-pocket pharmacy expenses, provide an option to cap Medicare Part D beneficiary monthly out-of-pocket expenses, and place limits on pharmaceutical price increases. In addition, the prior administration previously released a “Blueprint” to lower drug prices and reduce out of pocket costs of drugs that contained proposals to increase manufacturer competition, increase the negotiating power of certain federal healthcare programs, incentivize manufacturers to lower the list price of their products and reduce the out of pocket costs of drug products paid by consumers. The Department of Health and Human Services (HHS) has solicited feedback on some of these measures and has implemented others under its existing authority. On July 24, 2020 and September 13, 2020, the prior administration announced several executive orders related to prescription drug pricing that attempt to implement several of the administration’s proposals. The FDA also recently released a final rule, effective November 30, 2020, implementing a portion of the importation executive order providing guidance for states to build and submit importation plans for drugs from Canada. Further, on November 20, 2020, HHS finalized a regulation removing safe harbor protection for price reductions from pharmaceutical manufacturers to plan sponsors under Part D, either directly or through pharmacy benefit managers, unless the price reduction is required by law. The rule also creates a new safe harbor for price reductions reflected at the point-of-sale, as well as a safe harbor for certain fixed fee arrangements between pharmacy benefit managers and manufacturers. 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 United States District Court in Northern California issued a nationwide preliminary injunction against implementation of the interim final rule. The likelihood of implementation of any of the other Trump administration reform initiatives is uncertain, particularly in

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light of the new Presidential administration. In addition, at the state level, individual states have increasingly passed legislation and implemented regulations designed to control pharmaceutical and biological product pricing, including price or patient reimbursement constraints, discounts, restrictions on certain product access and marketing cost disclosure and transparency measures, and, in some cases, designed to encourage importation from other countries and bulk purchasing.

We expect that the ACA, as well as other healthcare reform measures that may be adopted in the future, may result in more rigorous coverage criteria and in additional downward pressure on the price that we receive for any approved product. The implementation of cost containment measures or other healthcare reforms may prevent us from being able to generate revenue, attain profitability, or commercialize our products. Legislative and regulatory proposals have been made to expand post-approval requirements and restrict sales and promotional activities for pharmaceutical products. We cannot be sure whether additional legislative changes will be enacted, or whether the FDA regulations, guidance or interpretations will be changed, or what the impact of such changes on the marketing approvals of our drug candidates, if any, may be. In addition, increased scrutiny by the U.S. Congress of the FDA’s approval process may significantly delay or prevent marketing approval, as well as subject us to more stringent product labeling and post-marketing testing and other requirements. It is also possible that additional governmental action is taken in response to the COVID-19 pandemic.

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

In some countries, particularly the countries of the EU, the pricing of prescription pharmaceuticals is subject to governmental control. In these countries, pricing negotiations with governmental authorities can take considerable time after the receipt of marketing approval for a product. To obtain reimbursement or pricing approval in some countries, we may be required to conduct a clinical trial that compares the cost-effectiveness of our drug candidate to other available therapies. If reimbursement of our products is unavailable or limited in scope or amount, or if pricing is set at unsatisfactory levels, our business could be harmed. Political, economic and regulatory developments may further complicate pricing negotiations, and pricing negotiations may continue after reimbursement has been obtained. Reference pricing used by various EU member states, and parallel trade, i.e., arbitrage between low-priced and high-priced member states, can further reduce prices. There can be no assurance that any country that has price controls or reimbursement limitations for pharmaceutical products will allow favorable reimbursement and pricing arrangements for any products, if approved in those countries. In the EU the regulation of pricing and reimbursement varies widely between individual member states. Some member states prohibit the marketing of products prior to a reimbursement price being agreed, some member states may require the completion of additional studies to assess cost-effectiveness against currently available therapies. Price controls or profit controls are in place in a number of member states. In addition, cross-border imports from low-priced markets exert downwards competitive pressure on prices.

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

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

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

Various laws, regulations and executive orders also restrict the use and dissemination outside of the United States, or the sharing with certain non-U.S. nationals, of information classified for national security purposes, as well as certain products and technical data relating to those products. If we expand our presence outside of the United States, it will require us to dedicate additional resources to comply with these laws, and these laws may preclude us from developing, manufacturing or selling certain drug candidates and products outside of the United States, which could limit our growth potential and increase our development costs.
The failure to comply with laws governing international business practices may result in substantial civil and criminal penalties and suspension or debarment from government contracting. The SEC also may suspend or bar issuers from trading securities on U.S. exchanges for violations of the FCPA's accounting provisions.

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

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

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

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

Although we maintain workers’ compensation insurance to cover us for costs and expenses we may incur due to injuries to our employees resulting from the use of hazardous materials, this insurance may not provide adequate coverage against potential liabilities.

In addition, we may incur substantial costs in order to comply with current or future environmental, health and safety laws and regulations. These current or future laws and regulations, which are becoming increasingly more stringent, may impair our research, development or production efforts. Our failure to comply with these laws and regulations also may result in substantial fines, penalties or other sanctions.
We are subject to certain U.S. and certain foreign anti-corruption, anti-money laundering, export control, sanctions and other trade laws and regulations. We can face serious consequences for violations.

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

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

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

Our success depends in large part on our ability to protect our proprietary technologies that we believe are important to our business, including pursuing, obtaining and maintaining patent protection in the United States and other countries intended to cover the composition of matter of our drug candidates, the methods of use, related technologies and other inventions that are important to our business. Although we own patents in the United States and foreign countries, we cannot be certain that the claims in our other U.S. pending patent applications, corresponding international patent applications and patent applications in certain foreign countries will be considered patentable by the USPTO, courts in the United States or by the patent offices and courts in foreign countries, nor can we be certain that the claims in our patents will not be found invalid or unenforceable if challenged. In addition to patent protection, we also rely on trade secrets to protect aspects of our business that are not amenable to, or that we do not consider appropriate for, patent protection. If we do not adequately pursue, obtain, maintain, protect or enforce our intellectual property, third parties, including our competitors, may be able to erode or negate any competitive advantage we may have, which could harm our business and ability to achieve profitability.

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

Furthermore, the patent position of biotechnology and pharmaceutical companies generally is highly uncertain. No consistent policy regarding the breadth of claims allowed in biotechnology and pharmaceutical patents has emerged to date in the United States or in many foreign jurisdictions. The standards applied by the United States Patent and Trademark Office (USPTO) and foreign patent offices in granting patents are not always applied uniformly or predictably. In addition, the determination of patent rights with respect to biological and pharmaceutical products commonly involves complex legal and factual questions, which have in recent years been the subject of much litigation. As a result, the issuance, scope, validity, enforceability and commercial value of our patent rights are highly uncertain. Thus, we cannot offer any assurances about which, if any, patents will issue, the breadth of any such patents, whether any patents will be found invalid and unenforceable or will be threatened by third parties or whether any patents will effectively prevent others from commercializing competing technologies and drug candidates.

Our pending patent applications cannot be enforced against third parties practicing the technology claimed in such applications unless and until at least one patent issues from such applications. Assuming the other requirements for patentability are met, currently, the first to file a patent application is generally entitled to the patent. However, prior to March 16, 2013, in the United States, the first to invent was entitled to the patent. Publications of discoveries in the scientific literature often lag behind the actual discoveries, and patent applications in the United States and other jurisdictions are typically not published until 18 months after filing, or in some cases not at all. Since patent applications in the United States and most other countries are confidential for a period of time after filing, and some remain so until issued, we cannot be certain that we were the first to file or invent (prior to March 16, 2013) any patent application related to our drug candidates. In addition, we enter into non-disclosure and confidentiality agreements with parties who have access to confidential or patentable aspects of our research and development output, such as our employees, collaborators, CROs, contract manufacturers, hospitals, independent treatment centers, consultants, independent contractors, suppliers, advisors and other third parties; however, any of these parties may breach the agreements and disclose such output before a patent application is filed, thereby jeopardizing our ability to seek patent protection. Furthermore, if third parties have filed patent applications related to our drug candidates or technology, we may not be able to obtain our own patent rights to those drug candidates or technology.
Moreover, because the issuance of a patent is not conclusive as to its inventorship, scope, validity or enforceability, our patents or pending patent applications may be challenged in the courts or patent offices in the United States and abroad. For example, we may be subject to a third-party pre-issuance submission of prior art to the USPTO or become involved in post-grant review procedures, oppositions, derivations, revocation, reexaminations, inter partes review or interference proceedings, in the United States or elsewhere, challenging our patent rights or the patent rights of others. An adverse determination in any such submission, proceeding or litigation could reduce the scope of, or invalidate, our patent rights, allow third parties to commercialize our technology or products and compete directly with us, without payment to us, or result in our inability to manufacture or commercialize products without infringing third-party rights. Moreover, we may have to participate in interference proceedings declared by the USPTO to determine priority of invention or in post-grant challenge proceedings, such as oppositions in a foreign patent office, that challenge priority of invention or other features of patentability. Such challenges may result in loss of exclusivity or in our patent claims being narrowed, invalidated or held unenforceable, in whole or in part, which could limit our ability to stop others from using or commercializing similar or identical technology and products or limit the duration of the patent protection of our technology and products. Such challenges also may result in substantial cost and require significant time from our scientists and management, even if the eventual outcome is favorable to us. Any of the foregoing could have a material adverse effect on our business, financial condition, results of operations, and prospects.

In addition, given the amount of time required for the development, testing and regulatory review of new drug candidates, our patents protecting such drug candidates might expire before or shortly after such drug candidates are commercialized. As a result, our intellectual property may not provide us with sufficient rights to exclude others from commercializing products similar or identical to ours. Moreover, some of our patents and patent applications may in the future be co-owned with third parties. If we are unable to obtain an exclusive license to any such third-party co-owners’ interest in such patents or patent applications, such co-owners may be able to license their rights to other third parties, including our competitors, and our competitors could market competing products and technology. In addition, we may need the cooperation of any such co-owners of our patents in order to enforce such patents against third parties, and such cooperation may not be provided to us. Any of the foregoing could have a material adverse effect on our competitive position, business, financial conditions, results of operations, and prospects.

Our pending and future patent applications may not result in patents being issued that protect our drug candidates, in whole or in part, or which effectively prevent others from commercializing competitive products. Changes in either the patent laws or interpretation of the patent laws in the United States and other countries may diminish the value of our patents or narrow the scope of our patent protection. In addition, the laws of foreign countries may not protect our rights to the same extent or in the same manner as the laws of the United States. For example, European patent law restricts the patentability of methods of treatment of the human body more than United States law does.

Even if our patent applications issue as patents, they may not issue in a form that will provide us with any meaningful protection, prevent competitors or other third parties from competing with us or otherwise provide us with any competitive advantage. Moreover, the coverage claimed in a patent application can be significantly reduced before the patent is issued and its scope can be reinterpreted after issuance. Consequently, we do not know whether any of our drug candidates will be protectable or remain protected by valid and enforceable patents. Our competitors and other third parties may be able to circumvent our patents by developing similar or alternative technologies or products in a non-infringing manner. Our competitors and other third parties may also seek approval to market their own products similar to or otherwise competitive with our products. Alternatively, our competitors or other third parties may seek to market generic versions of any approved products by submitting abbreviated NDAs to the FDA during which process they may claim that patents owned by us are invalid, unenforceable or not infringed. In these circumstances, we may need to defend or assert our patents, or both, including by filing lawsuits alleging patent infringement. In any of these types of proceedings, a court or other agency with jurisdiction may find our patents invalid or unenforceable, or that our competitors are competing in a non-infringing manner. Thus, even if we have valid and enforceable patents, these patents still may not provide protection against competing products or processes sufficient to achieve our business objectives. Any of the foregoing could have a material adverse effect on our competitive position, business, financial conditions, results of operations, and prospects.
Furthermore, future patents may be subject to a reservation of rights by one or more third parties. For example, to the extent the research resulting in future patent rights or technologies is funded in the future in part by the U.S. government, the government could have certain rights in any resulting patents and technology, including a non-exclusive license authorizing the government to use the invention or to have others use the invention on its behalf for non-commercial purposes. If the U.S. government then decides to exercise these rights, it is not required to engage us as its contractor in connection with doing so. These rights may also permit the government to disclose our confidential information to third parties and to exercise march-in rights to use or allow third parties to use our licensed technology. The government may also exercise its march-in rights if it determines that action is necessary because we failed to achieve practical application of the government-funded technology, because action is necessary to alleviate health or safety needs, to meet requirements of federal regulations, or to give preference to U.S. industry. In addition, our rights in such government-funded inventions may be subject to certain requirements to manufacture products embodying such inventions in the United States. Any exercise by the government of aforementioned proprietary rights could harm our competitive position, business, financial condition, results of operations, and prospects.

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

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

In addition, the patent positions of companies in the development and commercialization of biologics and pharmaceuticals are particularly uncertain. The U.S. Supreme Court has ruled on several patent cases in recent years, either narrowing the scope of patent protection available in certain circumstances or weakening the rights of patent owners in certain situations. This combination of events has created uncertainty with respect to the validity and enforceability of patents, once obtained. Additionally, there have been recent proposals for additional changes to the patent laws of the United States and other countries that, if adopted, could impact our ability to enforce our proprietary technology. Depending on future actions by the U.S. Congress, the U.S. courts, the USPTO and the relevant law-making bodies in other countries, the laws and regulations governing patents could change in unpredictable ways that could have a material adverse effect on our existing patent portfolio and weaken our ability to obtain new patents or to enforce our existing patents and patents that we might obtain in the future.

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

Competitors and other third parties may infringe, misappropriate or otherwise violate our patents, trademarks, copyrights, trade secrets or other intellectual property. To counter infringement, misappropriation or other violations, we may be required to file infringement, misappropriation or other violation claims, which can be expensive and time consuming and divert the time and attention of our management and business and scientific personnel. In addition, many of our adversaries in these proceedings may have the ability to dedicate substantially greater resources to prosecuting these legal actions than we can.
Any claims we assert against perceived infringers could provoke these parties to assert counterclaims against us alleging that we infringe, misappropriate or otherwise violate their patents or their other intellectual property, in addition to counterclaims asserting that our patents are invalid or unenforceable, or both. In patent litigation in the United States, counterclaims challenging the validity, enforceability or scope of asserted patents are commonplace. Similarly, third parties may initiate legal proceedings against us seeking a declaration that certain of our intellectual property is non-infringed, invalid or unenforceable. The outcome of any such proceeding is generally unpredictable.

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

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

Furthermore, third parties may also raise invalidity or unenforceability claims before administrative bodies in the United States or foreign authorities, even outside the context of litigation. Such mechanisms include re-examination, inter partes review, post-grant review, interference proceedings, derivation proceedings and equivalent proceedings in foreign jurisdictions (e.g., opposition proceedings). Such proceedings could result in revocation, cancellation or amendment to our patents in such a way that they no longer cover and protect our drug candidates. The outcome following legal assertions of invalidity and unenforceability is unpredictable. Grounds for a validity challenge could be an alleged failure to meet any of several statutory requirements, including lack of novelty, obviousness, non-enablement or written description. Grounds for an unenforceability assertion could be an allegation that someone connected with the prosecution of the patent withheld relevant information from the USPTO, or made a misleading statement, during prosecution of the patent. With respect to the validity of our patents, for example, we cannot be certain that there is no invalidating prior art of which we, our licensors, our patent counsel and the patent examiner were unaware during prosecution. Moreover, it is possible that prior art may exist that we are aware of but do not believe is relevant to our current or future patents, but that could nevertheless be determined to render our patents invalid. If a third party were to prevail on a legal assertion of invalidity or unenforceability, we could lose at least part, and perhaps all, of the patent protection on one or more of our drug candidates. Any such loss of patent protection could have a material adverse impact on our business, financial condition, results of operations and prospects.

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

Filing, prosecuting and defending patents with respect to our drug candidates in all countries throughout the world would be prohibitively expensive, and the laws of foreign countries may not protect our rights to the same extent as the laws of the United States. The requirements for patentability may differ in certain countries, particularly in developing countries. In addition, any future intellectual property license agreements may not always include worldwide rights. Consequently, competitors and other third parties may use our technologies in jurisdictions where we have not obtained patent protection to develop their own products and, further, may export otherwise infringing products to territories where we may obtain patent protection, but where patent enforcement is not as strong as that in the United States and where our ability to enforce our patents to stop infringing activities may be inadequate. These products may compete with our products in such territories and in jurisdictions where we do not have any patent rights or where any future patent claims or other intellectual property or
Moreover, our ability to protect and enforce our intellectual property and proprietary rights may be adversely affected by unforeseen changes in foreign intellectual property laws. Additionally, the laws of some countries outside of the United States and Europe do not afford intellectual property protection to the same extent as the laws of the United States and Europe. Many companies have encountered significant problems in protecting and defending intellectual property and proprietary rights in certain foreign jurisdictions. The legal systems of some countries, including, for example, India, China and other developing countries, do not favor the enforcement of patents and other intellectual property or proprietary rights, particularly those relating to biotechnology products, which could make it difficult for us to stop the infringement, misappropriation or other violation of our patents or other intellectual property or proprietary rights. For example, many foreign countries have compulsory licensing laws under which a patent owner must grant licenses to third parties. Consequently, we may not be able to prevent third parties from practicing our inventions in certain countries outside the United States and Europe. In addition, many countries limit the enforceability of patents against government agencies or government contractors. In these countries, the patent owner may have limited remedies, which could materially diminish the value of such patent. If we are forced to grant a license to third parties with respect to any patents relevant to our business, our competitive position may be impaired, and our business, financial condition, results of operations, and prospects may be adversely affected. Proceedings to enforce our intellectual property and proprietary rights in foreign jurisdictions, whether or not successful, could result in substantial costs and divert our efforts and resources from other aspects of our business, could put our patents, trademarks or other intellectual property and proprietary rights at risk of being invalidated or interpreted narrowly, could put our patent applications at risk of not issuing, and could provoke third parties to assert claims against us. We may not prevail in any lawsuits that we initiate, and the damages or other remedies awarded, if any, may not be commercially meaningful. Furthermore, while we intend to protect our intellectual property and proprietary rights in major markets for our products, we cannot ensure that we will be able to initiate or maintain similar efforts in all jurisdictions in which we may wish to market our products. Accordingly, our efforts to protect our intellectual property and proprietary rights in such countries may be inadequate.

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

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

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

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

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

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

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

In addition, while it is our policy to require our employees, consultants and contractors who may be involved in the conception or development of intellectual property to execute agreements assigning such intellectual property to us, we may be unsuccessful in executing such an agreement with each party who, in fact, conceives or develops intellectual property that we regard as our own, which may result in claims by or against us related to the ownership of such intellectual property. In addition, such agreements may not be self-executing such that the intellectual property subject to such agreements may not be assigned to us without additional assignments being executed, and we may fail to obtain such assignments. In addition, such agreements may be breached. Accordingly, we may be forced to bring claims against third parties, or defend claims that they may bring against us to determine the ownership of what we regard as our intellectual property. If we fail in prosecuting or defending any such claims, in addition to paying monetary damages, we may lose valuable intellectual property or personnel or sustain damages. Such intellectual property could be awarded to a third party, and we could be required to obtain a license from such third party to commercialize our technology or products. Such a license may not be available on commercially reasonable terms or at all. Even if we are successful in defending against such claims, litigation could result in substantial costs and be a distraction to our management. Any of the foregoing would have a material adverse effect on our business, financial condition, results of operations and prospects.

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

In the course of testing our drug candidates, we have entered into agreements with third parties to conduct clinical testing, which provide that improvements to our drug candidates may be owned solely by a party or jointly between the parties. If we determine that rights to such improvements owned solely by a third party are necessary to commercialize our drug candidates or maintain our competitive advantage, we may need to obtain a license from such third party in order to use the improvements and continue developing, manufacturing or marketing the drug candidates. However, we may not be able to obtain any required license on commercially reasonable terms or at all. Even if we were able to obtain such a license, it could be granted on non-exclusive terms, thereby giving our competitors and other third parties access to the same
secrets and proprietary know-how in part by entering into non-confidentiality agreements to protect proprietary know-how or trade secrets that are not patentable or that we elect not to patent. We seek to protect our trade secrets, which if not protected, would be harmed.

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

We may not agree with our assessment of whether such extensions are available for our patents, may refuse to grant extensions to our patents, or may grant more limited extensions than we request. We may not be granted an extension because of, for example, failing to exercise due diligence during the testing phase or regulatory review process, failing to apply within applicable deadlines, failing to apply prior to expiration of relevant patents, or otherwise failing to satisfy applicable requirements. If we are unable to obtain patent term extension or the term of any such extension is less than we request, our competitive position would have a material adverse effect on our business, financial condition, results of operations and prospects.

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

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

While we have obtained patents with respect to three of our drug candidates, we also rely on proprietary know-how and trade secret protection and confidentiality agreements to protect proprietary know-how or trade secrets that are not patentable or that we elect not to patent. We seek to protect our trade secrets and proprietary know-how in part by entering into non-confidentiality agreements.
disclosure and confidentiality agreements with parties who have access to such knowledge, such as our employees, consultants, independent contractors, advisors, contract manufacturers, CROs, hospitals, independent treatment centers, suppliers, collaborators and other third parties. We also enter into confidentiality and invention or patent assignment agreements with employees and certain consultants. However, we cannot guarantee that we have entered into such agreements with each party that may have or have had access to our trade secrets or proprietary know-how. Additionally, our confidentiality agreements and other contractual protections may not be adequate to protect our intellectual property from unauthorized disclosure, third-party infringement or misappropriation. Any party with whom we have executed such an agreement may breach that agreement and disclose our proprietary information, including our trade secrets, and we may not be able to obtain adequate remedies for such breaches. Enforcing a claim that a party illegally disclosed or misappropriated a trade secret is difficult, expensive and time-consuming, and the outcome is unpredictable. In addition, some courts in the United States and certain foreign jurisdictions are less willing or unwilling to protect trade secrets. If any of our trade secrets were to be lawfully obtained or independently developed by a competitor or other third party, we would have no right to prevent such third party, or those to whom they communicate such technology or information, from using that technology or information to compete with us. If any of our trade secrets were to be disclosed to or independently developed by a competitor or other third party, our business, financial condition, results of operations and prospects our business and competitive position could be materially harmed.

Intellectual property rights do not necessarily address all potential threats.

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

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

Should any of these events occur, they could have a material adverse effect on our business, financial condition, results of operations and prospects.
Risks Related to the Commercialization of Our Drug Candidates

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

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

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

If any of our drug candidates receives marketing approval, it may nonetheless fail to gain sufficient market acceptance by physicians, patients, third-party payors and others in the medical community. For example, current cancer treatments, such as existing targeted therapies, chemotherapy, and radiation therapy, are well established in the medical community, and doctors may continue to rely on these treatments. If our drug candidates do not achieve an adequate level of acceptance, we may not generate significant product revenues and we may not become profitable. The degree of market acceptance of our drug candidates, if approved for commercial sale, will depend on a number of factors, including:

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

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

We do not have a sales infrastructure and are only in the very early stages of building a marketing infrastructure and have no experience in the sale, marketing or distribution of pharmaceutical products. To achieve commercial success for any
product for which we obtain marketing approval, we will need to establish sales, marketing and distribution capabilities, either ourselves or through collaboration or other arrangements with third parties.

We plan to build our own focused, specialized sales and marketing organization in the United States. Outside of the United States, in addition to our existing repotrectinib and TPX-0022 licenses to Zai for Greater China, we plan to selectively establish partnerships in markets outside the United States to support the commercialization of drug candidates for which we obtain marketing approval and that can be commercialized with such capabilities.

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

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

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

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

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

The development and commercialization of pharmaceutical products is highly competitive. We face competition with respect to our current drug candidates, and will face competition with respect to any drug candidates that we may seek to develop or commercialize in the future, from major pharmaceutical companies, specialty pharmaceutical companies and biotechnology companies worldwide. There are a number of large pharmaceutical and biotechnology companies that currently market and sell products or are pursuing the development of products for the treatment of the disease indications for which we are developing our drug candidates. Some of these competitive products and therapies are based on scientific approaches that are similar to our approach, and others are based on entirely different approaches. Potential competitors also include academic institutions, government agencies and other public and private research organizations that conduct research, seek patent protection and establish collaborative arrangements for research, development, manufacturing and commercialization.

There are a large number of pharmaceutical and biotechnology companies developing or marketing targeted treatments for cancer that would be competitive with the drug candidates we are developing, if our drug candidates are approved. Many of these companies are developing cancer therapeutics that are also kinase inhibitors.
If we are successful in developing repotrectinib, we expect that repotrectinib will compete against approved drugs, including: crizotinib, which is marketed by Pfizer Inc. under the name Xalkori for the treatment of ROSI+ and ALK+ NSCLC; entrectinib, which is marketed by F. Hoffman La Roche AG under the name Rozlytrek, for the treatment of ROSI+ NSCLC and TRK+ solid tumors; and larotrectinib, which is marketed by Bayer AG under the trade name Vitrakvi, for the treatment of TRK+ solid tumors. We also expect that repotrectinib will compete against other compounds which are currently in late-stage clinical development, including TKIs in Phase 2, or later, clinical development for the treatment of ROSI+ NSCLC at companies including Pfizer Inc. (lorlatinib), Novartis Pharmaceuticals Corporation (ceritinib), Beta Pharmaceuticals Co., Ltd. (ensartinitib), Exelixis, Inc. (cabozantinitib) and AnHeart Therapeutics Company (taletrectinib) and TKIs in Phase 2, or later, clinical development for the treatment of TRK+ solid tumors at companies including Bayer AG (selitrectinib), Exelixis, Inc. (cabozantinitib) and AnHeart Therapeutics Company (taletrectinib).

If we are successful in developing TPX-0022, we expect that TPX-0022 will compete against capmatinib, which is marketed by Novartis Pharmaceutical Corporation under the name Tabrecta for the treatment of NSCLC with MET exon 14 skipping, and tepotinib, which is marketed by Merck KGaA under the name Tepmetko, for the treatment of adult patients with metastatic NSCLC whose tumors have a mutation that leads to MET exon 14 skipping. We also expect TPX-0022 will compete against Xalkori (crizotinib) and other compounds which are in Phase 2 or later clinical development for the treatment of MET+ tumors at companies including Astrazeneca PLC and Hutchison China MediTech Limited (savolitinib),, Exelixis, Inc. (cabozantinitib), Apollomics, Inc. (APL-101), Johnson & Johnson (amivantamab), Servier (Sym015) and AbiVie Inc. (telisotuzumab vedotin).

If we are successful in developing TPX-0046, we expect that TPX-0046 will compete against selpercatinitib, which is marketed by Eli Lilly and Company under the name Retevmo for the treatment of NSCLC, medullary thyroid cancer and other types of thyroid cancer in patients with RET gene alterations, and pralsetinib, which is marketed by F. Hoffman La Roche AG and Blueprint Medicines Corporation under the name Gavreto for the treatment of NSCLC, medullary thyroid cancer and other types of thyroid cancer in patients with RET gene alterations, and is in late stage development for the treatment of other RET+ cancers, and other approved drugs for the treatment of medullary thyroid cancer including cabozantinitib which is marketed by Exelixis, Inc. as Cometriq and vandetinib which is marketed by Sanofi Genzyme as Caprelsa.

If we are successful in developing TPX-0131, we expect that TPX-0131 will compete against approved drugs, including: alectinib, which is marketed by F. Hoffman La Roche AG under the name Alecensa for the treatment of ALK+ NSCLC; brigatinib, which is marketed by Takeda Pharmaceutical Company Limited under the name Alunbrig for the treatment of ALK+ NSCLC; ceritinib, which is marketed by Novartis Pharmaceuticals Corporation under the name Zykadia for the treatment of ALK+ NSCLC; crizotinib, which is marketed by Pfizer Inc. under the name Xalkori for the treatment of ROSI+ and ALK+ NSCLC; and lorlatinib, which is marketed by Pfizer Inc. under the names Lorbrina and Lorviqua for the treatment of TKI-pretreated ALK+ NSCLC, and is under FDA review as a first line treatment of ALK+ NSCLC. We also expect that TPX-0131 will compete against other compounds which are currently in late-stage clinical development, including TKIs in Phase 2, or later, clinical development for the treatment of ALK+ NSCLC at companies including against Pfizer Inc. (lorlatinib), Exelixis, Inc. (cabozantinitib), Apollomics, Inc. (APL-101), Johnson & Johnson (amivantamab), Servier (Sym015) and AbiVie Inc. (telisotuzumab vedotin).

Many of the companies against which we are competing or against which we may compete in the future have significantly greater financial resources and expertise in research and development, manufacturing, preclinical testing, conducting clinical trials, obtaining marketing approvals and marketing and selling approved products than we do. Mergers and acquisitions in the pharmaceutical and biotechnology industries may result in even more resources being concentrated among a smaller number of our competitors. Smaller and other early-stage companies may also prove to be significant competitors, particularly through collaborative arrangements with large and established companies. These third parties compete with us in recruiting and retaining qualified scientific, management and sales and marketing personnel, establishing clinical trial sites and patient registration for clinical trials, as well as in acquiring technologies complementary to, or necessary for, our programs.

Our commercial opportunity could be reduced or eliminated if our competitors develop and commercialize products that are safer, more effective, have fewer or less severe side effects, are approved for broader indications or patient populations, are more convenient or are less expensive than any products that we may develop. Our competitors also may obtain FDA or other marketing approval for their products more rapidly than any approval we may obtain for ours, which could result in our competitors establishing a strong market position before we are able to enter the market. In addition, our ability to compete may be affected in many cases by insurers or other third-party payors seeking to encourage the use of generic products. Generic products are currently on the market for some of the indications that we are pursuing, and additional products are expected to become available on a generic basis over the coming years. If our drug candidates achieve marketing approval, we expect that they will be priced at a significant premium over any competitive generic products. The
key competitive factors affecting the success of repotrectinib are likely to be its efficacy, safety, scope and limitations of marketing approval, and availability of reimbursement.

Even if we are able to commercialize any drug candidates, the products may become subject to unfavorable pricing regulations, third-party coverage and reimbursement practices or healthcare reform initiatives, which would harm our business.

The regulations that govern marketing approvals, pricing, coverage and reimbursement for new drug products vary widely from country to country. Current and future legislation may significantly change the approval requirements in ways that could involve additional costs and cause delays in obtaining approvals. Some countries require approval of the sale price of a drug before it can be marketed. In many countries, the pricing review period begins after marketing or product licensing approval is granted. To obtain reimbursement or pricing approval in some countries, we may be required to conduct a clinical trial that compares the cost-effectiveness of our drug candidate to other available therapies. In some foreign markets, prescription pharmaceutical pricing remains subject to continuing governmental control even after initial approval is granted. As a result, we might obtain marketing approval for a drug candidate in a particular country, but then be subject to price regulations that delay our commercial launch of the product, possibly for lengthy time periods, and negatively impact the revenues, if any, we are able to generate from the sale of the product in that country. Adverse pricing limitations may hinder our ability to recoup our investment in one or more drug candidates, even if such drug candidates obtain marketing approval.

Our ability to commercialize any drug candidates successfully also will depend in part on the extent to which coverage and adequate reimbursement for these products and related treatments will be available from third-party payors, including government healthcare programs, private health insurers and other organizations. Third-party payors decide which medications they will pay for and establish reimbursement levels. Additionally, companion diagnostic tests we may develop for use with our product candidates require coverage and reimbursement separate and apart from the coverage and reimbursement for their companion pharmaceutical or biological products. Similar challenges to obtaining coverage and reimbursement, applicable to pharmaceutical or biological products, will apply to companion diagnostics.

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

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

There may also be significant delays in obtaining coverage and reimbursement for newly approved drugs, and coverage may be more limited than the purposes for which the drug is approved by the FDA or similar regulatory authorities outside of the United States. Moreover, eligibility for coverage and reimbursement does not imply that a drug will be paid for in all cases or at a rate that covers our costs, including research, development, intellectual property, manufacture, sale and distribution expenses. Interim reimbursement levels for new drugs, if applicable, may also not be sufficient to cover our costs and may not be made permanent. Reimbursement rates may vary according to the use of the drug and the clinical setting in which it is used, may be based on reimbursement levels already set for lower cost drugs and may be incorporated into existing payments for other services. Net prices for drugs may be reduced by mandatory discounts or rebates required by government healthcare programs or private payors and by any future relaxation of laws that presently restrict imports of drugs from countries where they may be sold at lower prices than in the United States. Third-party payors often rely upon Medicare coverage policy and payment limitations in setting their own reimbursement policies, but also have their own methods and approval process apart from Medicare determinations. Our inability to promptly obtain coverage and adequate reimbursement rates from third-party payors for any approved products that we develop could have a material adverse effect on our operating results, our ability to raise capital needed to commercialize products and our overall financial condition.
Product liability lawsuits against us could cause us to incur substantial liabilities and to limit commercialization of any products that we may develop.

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

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

Our current product liability insurance coverage for the United States and certain other jurisdictions may not be adequate to cover all liabilities that we may incur. We likely will need to increase our insurance coverage as we expand our clinical trials or if we commence commercialization of our drug candidates. Insurance coverage is increasingly expensive. We may not be able to maintain insurance coverage at a reasonable cost or in an amount adequate to satisfy any liability that may arise.

Risks Related to Employee Matters, Managing Growth and Other Risks Related to Our Business

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

We are highly dependent on the development and managerial expertise of Athena Countouriotis, M.D., our President and Chief Executive Officer, as well as the other principal members of our management, scientific and clinical team. Although we have entered into employment agreements with our executive officers, each of them may terminate their employment with us at any time.

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

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

As of December 31, 2020, we had 142 full-time employees. We expect to experience significant growth in the number of our employees and the scope of our operations, particularly in the areas of clinical development, clinical operations, manufacturing, regulatory affairs, commercial and, if any of our drug candidates receives marketing approval, sales,
marketing and distribution. To manage our anticipated future growth, we must continue to implement and improve our managerial, operational and financial systems, expand our facilities and continue to recruit and train additional qualified personnel. Due to our limited financial resources and the limited experience of our management team in managing a company with such anticipated growth and with developing sales, marketing and distribution infrastructure, we may not be able to effectively manage the expansion of our operations or recruit and train additional qualified personnel. The expansion of our operations may lead to significant costs and may divert our management and business development resources.

Further, we currently rely, and for the foreseeable future will continue to rely, in substantial part on certain third-party contract organizations, advisors and consultants to provide certain services, including assuming substantial responsibilities for the conduct of our clinical trials and the manufacture of repotrectinib or any of our other current or future drug candidates. We cannot assure you that the services of such third-party contract organizations, advisors and consultants will continue to be available to us on a timely basis when needed, or that we can find qualified replacements. In addition, if we are unable to effectively manage our outsourced activities or if the quality or accuracy of the services provided by our vendors or consultants is compromised for any reason, our clinical trials may be extended, delayed or terminated, and we may not be able to obtain marketing approval of repotrectinib or any of our other current or future drug candidates or otherwise advance our business. We cannot assure you that we will be able to properly manage our existing vendors or consultants or find other competent outside vendors and consultants on economically reasonable terms, or at all.

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

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

We are increasingly dependent upon information technology systems, infrastructure and data to operate our business. In the ordinary course of business, we collect, store and transmit confidential information (including but not limited to intellectual property, proprietary business information and personal information). It is critical that we do so in a secure manner to maintain the confidentiality and integrity of such confidential information. We also have outsourced elements of our operations to third parties, and as a result we manage a number of third-party CROs, vendors, and other contractors and consultants who have access to our confidential information.

Despite the implementation of security measures, given their size and complexity and the increasing amounts of confidential information that they maintain, our internal information technology systems and those of our third-party CROs, vendors and other contractors and consultants are potentially vulnerable to breakdown or other damage or interruption from 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 employees, third-party CROs, vendors, contractors, consultants, business partners and/or other third parties, or from cyber-attacks by malicious third parties (including the deployment of harmful malware, ransomware, denial-of-service attacks, social engineering and other means to affect service reliability and threaten the confidentiality, integrity and availability of information), which may compromise our system infrastructure, or that of our third-party CROs, vendors and other contractors and consultants, or lead to data leakage. The risk of a security breach or disruption, particularly through cyber-attacks or cyber intrusion, including by computer hackers, foreign governments, and cyber terrorists, has generally increased as the number, intensity and sophistication of attempted attacks and intrusions from around the world have increased. We may not be able to anticipate all types of security threats, nor may we be able to implement preventive measures effective against all such security threats. The techniques used by cyber criminals change frequently, may not be recognized until launched and can originate from a wide variety of sources, including outside groups such as external service providers, organized crime affiliates, terrorist organizations or hostile foreign governments or agencies. Changes in how our employees work and access our systems during the current COVID-19 pandemic could lead to additional opportunities for bad actors to launch cyber-attacks or for employees to cause inadvertent security risks or incidents. To the extent that any accidental or intentional disruption or security breach were to result in a loss of, or damage to, our data or applications, or those of our third-party CROs, 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 repotrectinib or any other drug candidates could be delayed. The costs related to significant security breaches or disruptions could be material and exceed the limits of the cybersecurity insurance we maintain against such risks. The effects of a security breach or disruption could be further amplified during the current COVID-19 pandemic. If the information technology systems of our third-party CROs, vendors and other contractors and consultants become subject to disruptions or security breaches, we may have insufficient recourse against such third parties.
The CCPA requires covered companies to provide new disclosure to consumers about such companies' data collection, use and sharing practices, provides such consumers (as defined in the law) and places increased privacy and security obligations on entities handling certain personal data of consumers or households.

process personal data of Europeans outside of Europe and adversely impact our business.

of data protection. Switzerland has adopted similar restrictions. Although there are legal mechanisms to allow for the transfer of personal data from the EEA outside of the European Economic Area (EEA), such as the United States, which are not considered by the European Commission to provide an adequate level of data protection requirements in the EU, as well as potential fines for noncompliant companies of up to the greater of €20 million or 4% of annual global revenue. The regulation imposes numerous new requirements for the collection, use and disclosure of personal information, including personal information regarding our clinical trial subjects or employees, could harm our reputation directly, compel us to comply with federal and/or state breach notification laws and foreign law equivalents, subject us to mandatory corrective action, and otherwise subject us to liability under laws and regulations that protect the privacy and security of personal information, which could result in significant legal and financial exposure and reputational damages that could potentially have an adverse effect on our business.

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

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

International data protection laws, including Regulation 2016/679, known as the General Data Protection Regulation (GDPR) may also apply to health-related and other personal information obtained outside of the United States. The GDPR went into effect on May 25, 2018. The GDPR introduced new data protection requirements in the EU, as well as potential fines for noncompliant companies of up to the greater of €20 million or 4% of annual global revenue. The regulation imposes numerous new requirements for the collection, use and disclosure of personal information, including more stringent requirements relating to consent and the information that must be shared with data subjects about how their personal information is used, the obligation to notify regulators and affected individuals of personal data breaches, extensive new internal privacy governance obligations and obligations to honor expanded rights of individuals in relation to their personal information (e.g., the right to access, correct and delete their data). In addition, the GDPR includes restrictions on cross-border data transfer. The GDPR will increase our responsibility and liability in relation to personal data that we process, and we may be required to put in place additional mechanisms to ensure compliance with the new EU data protection rules. In addition, the GDPR prohibits the transfer of personal data to countries outside of the European Economic Area (EEA), which are not considered by the European Commission to provide an adequate level of data protection. Switzerland has adopted similar restrictions. Although there are legal mechanisms to allow for the transfer of personal data from the EEA and Switzerland to the United States, they are subject to pending legal challenges that, if successful, could invalidate these mechanisms, restrict our ability to process personal data of Europeans outside of Europe and adversely impact our business.

In addition, California recently enacted the California Consumer Privacy Act (CCPA), which creates new individual privacy rights for California consumers (as defined in the law) and places increased privacy and security obligations on entities handling certain personal data of consumers or households. The CCPA requires covered companies to provide new disclosure to consumers about such companies’ data collection, use and sharing practices, provides such consumers new
From time to time, we may consider strategic transactions, such as acquisitions of companies, businesses or assets and out-licensing or in-licensing of products, drug candidates or technologies. Additional potential transactions that we may consider include a variety of different business arrangements, including spin-offs, strategic partnerships, joint ventures, restructurings, divestitures, business combinations and investments. Any such transaction may require us to incur non-recurring or other charges, may increase our near term or long-term expenditures and may pose significant integration challenges.
challenges or disrupt our management or business, which could adversely affect our operations and financial results. For example, these transactions may entail numerous operational and financial risks, including:

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

**Our portfolio of marketable securities is subject to market, interest and credit risk that may reduce its value.**

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

The trading price of our common stock may be volatile and fluctuate substantially, which could result in substantial losses.

Our stock price is volatile. For example, the closing price of our common stock since April 17, 2019 through December 31, 2020, has ranged from a low of $26.67 to a high of $132.92. The stock market in general and the market for smaller pharmaceutical companies in particular have experienced extreme volatility that has often been unrelated to the operating performance of particular companies. The market price for our common stock may be influenced by many factors, including:

- the degree of success of competitive products or technologies;
- the commencement, enrollment or results of clinical trials and preclinical studies of our drug candidates or those of our competitors;
- adverse results from, delays in or termination of clinical trials;
- unanticipated serious safety concerns related to the use of our product candidates;
- regulatory or legal developments in the United States and other countries;
- any delay in our regulatory filings for our drug candidates and any adverse development or perceived adverse development with respect to the applicable regulatory authority’s review of such filings, including without limitation the FDA’s issuance of a “refusal to file” letter or a request for additional information;
- receipt of, or failure to obtain, regulatory approvals;
- lower than expected market acceptance of our product candidates following approval, if any, for commercialization;
- 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 drug candidates or clinical development programs;
- the results of our efforts to design, develop, acquire or in-license additional technologies or drug candidates;
- actual or anticipated changes in estimates as to financial results, development timelines or recommendations by securities analysts;
- publication of research reports about us or our industry or positive or negative recommendations or withdrawal of research coverage by securities analysts;
- announcements of investigations or regulatory scrutiny of our operations or lawsuits filed against us;
- variations in our financial results or those of companies that are perceived to be similar to us;
- rumors or announcements regarding transactions involving our company or drug candidates;
- proposed changes to healthcare laws in the United States or foreign jurisdictions, or speculation regarding such changes, such as changes in the structure of healthcare payment systems;
- market conditions or trends in the pharmaceutical and biotechnology sectors;
- general economic, industry and market conditions, other events or factors, many of which are beyond our control, such as the COVID-19 outbreak; and
- the other events or factors, including those described in this “Risk Factors” section.
Delaware law and provisions in our amended and restated certificate of incorporation and amended and restated bylaws could make a merger, tender offer or proxy contest difficult, thereby depressing the trading price of our common stock.

Provisions of our amended and restated certificate of incorporation and amended and restated bylaws may delay or discourage transactions involving an actual or potential change in our control or change in our management, including transactions in which stockholders might otherwise receive a premium for their shares or transactions that our stockholders might otherwise deem to be in their best interests. Therefore, these provisions could adversely affect the price of our common stock. Among other things, our amended and restated certificate of incorporation and amended and restated bylaws:

- permit our board of directors to issue up to 10,000,000 shares of preferred stock, with any rights, preferences and privileges as they may designate (including the right to approve an acquisition or other change in our control);
- provide that the authorized number of directors may be changed only by resolution of the board of directors;
- provide that our board of directors or any individual director may only be removed with cause and the affirmative vote of the holders of at least 66-2/3% of the voting power of all of our then-outstanding common stock;
- provide that all vacancies, including 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;
- divide our board of directors into three classes;
- 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 notice in writing in a timely manner and also specify requirements as to the form and content of a stockholder’s notice;
- do not provide for cumulative voting rights (therefore 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, if they should so choose);
- provide that special meetings of our stockholders may be called only by the chair of our board of directors, our Chief Executive Officer or by the board of directors pursuant to a resolution adopted by a majority of the total number of authorized directors; and
- provide that the Court of Chancery of the State of Delaware will be the sole and exclusive forum for the following types of actions or proceedings under Delaware statutory or common law: (i) any derivative action or proceeding brought on our behalf; (ii) any action or proceeding asserting a claim of breach of a fiduciary duty owed by any of our current or former directors, officers or other employees to us or our stockholders; (iii) any action or proceeding asserting a claim against us or any of our current or former directors, officers or other employees, arising out of or pursuant to any provision of the Delaware General Corporation Law, our certificate of incorporation or our bylaws; (iv) any action or proceeding to interpret, apply, enforce or determine the validity of our certificate of incorporation or our bylaws; (v) any action or proceeding as to which the Delaware General Corporation Law confers jurisdiction to the Court of Chancery of the State of Delaware; and (vi) any action asserting a claim against us or any of our directors, officers or other employees governed by the internal affairs doctrine, in all cases to the fullest extent permitted by law and subject to the court’s having personal jurisdiction over the indispensable parties named as defendants. These provisions would not apply to suits brought to enforce a duty or liability created by the Exchange Act. Furthermore, Section 22 of the Securities Act creates concurrent jurisdiction for federal and state courts over all such Securities Act actions. Accordingly, both state and federal courts have jurisdiction to entertain such claims.
The amendment of any of these provisions, with the exception of the ability of our board of directors to issue shares of preferred stock and designate any rights, preferences and privileges thereto, would require approval by the holders of at least 66-2/3% of our then-outstanding common stock.

In addition, as a Delaware corporation, we are subject to Section 203 of the Delaware General Corporation Law. These provisions may prohibit large stockholders, in particular those owning 15% or more of our outstanding voting stock, from merging or combining with us for a certain period of time. A Delaware corporation may opt out of this provision by express provision in its original certificate of incorporation or by amendment to its certificate of incorporation or bylaws approved by its stockholders. However, we have not opted out of this provision.

These and other provisions in our amended and restated certificate of incorporation, amended and restated bylaws and Delaware law could make it more difficult for stockholders or potential acquirers to obtain control of our board of directors or initiate actions that are opposed by our then-current board of directors, including delay or impede a merger, tender offer or proxy contest involving our company. The existence of these provisions could negatively affect the price of our common stock and limit opportunities for you to realize value in a corporate transaction.

**Our amended and restated certificate of incorporation provides that the Court of Chancery of the State of Delaware is the exclusive forum for certain disputes between us and our stockholders, which could limit our stockholders’ ability to obtain a favorable judicial forum for disputes with us or our directors, officers or employees.**

Our amended and restated certificate of incorporation provides that, to the fullest extent permitted by law and subject to the court’s having personal jurisdiction over the indispensable parties named as defendants, the Court of Chancery of the State of Delaware is the exclusive forum for the following types of actions or proceedings under Delaware statute or common law: (i) any derivative action or proceeding brought on our behalf, (ii) any action or proceeding asserting a breach of fiduciary duty owed by any of our current or former directors, officers or other employees to us or our stockholders, (iii) any action or proceeding asserting a claim against us or any of our current or former directors, officers or other employees arising out of or pursuant to any provision of the Delaware General Corporation Law, our certificate of incorporation or bylaws; (iv) any action or proceeding to interpret, apply, enforce or determine the validity of our certificate of incorporation or our bylaws; (v) any action or proceeding as to which the Delaware General Corporation Law confers jurisdiction to the Court of Chancery of the State of Delaware and (vi) any action asserting a claim against us or any of our directors, officers or other employees that is governed by the internal affairs doctrine. These provisions would not apply to suits brought to enforce a duty or liability created by the Exchange Act. Furthermore, Section 22 of the Securities Act creates concurrent jurisdiction for federal and state courts over all such Securities Act actions. Accordingly, both state and federal courts have jurisdiction to entertain such claims.

These choice of forum provisions may limit a stockholder’s ability to bring a claim in a judicial forum that it finds favorable for disputes with us or our directors, officers or other employees and may discourage these types of lawsuits. Furthermore, the enforceability of similar choice of forum provisions in other companies’ certificates of incorporation has been challenged in legal proceedings, and it is possible that a court could find these types of provisions to be inapplicable or unenforceable. If a court were to find the choice of forum provisions contained in our amended and restated certificate of incorporation to be inapplicable or unenforceable in an action, we may incur further significant additional costs associated with resolving such action in other jurisdictions, all of which could seriously harm our business.

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

As a public company we have incurred and will continue to incur significant legal, accounting and other expenses. The Sarbanes-Oxley Act of 2002, the Dodd-Frank Wall Street Reform and Consumer Protection Act, the listing requirements of The Nasdaq Global Select Market and other applicable securities rules and regulations impose various requirements on public companies, including establishment and maintenance of effective disclosure and financial controls and corporate governance practices. Our management and other personnel will need to devote a substantial amount of time to these compliance initiatives. Moreover, these rules and regulations will increase our legal and financial compliance costs and will make some activities more time-consuming and costly. For example, we expect that these rules and regulations may make it more difficult and more expensive for us to obtain director and officer liability insurance, which in turn could make it more difficult for us to attract and retain qualified members of our board of directors.

We are evaluating these rules and regulations, and cannot predict or estimate the amount of additional costs we may incur or the timing of such costs. These rules and regulations are often subject to varying interpretations, in many cases due to their lack of specificity, and, as a result, their application in practice may evolve over time as new guidance is provided by regulatory and governing bodies. This could result in continuing uncertainty regarding compliance matters and higher costs necessitated by ongoing revisions to disclosure and governance practices.

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Pursuant to Section 404 of the Sarbanes-Oxley Act of 2002 (Section 404), we are required to furnish an annual report by our management on our internal control over financial reporting and include an attestation report on internal control over financial reporting issued by our independent registered public accounting firm. To achieve compliance with Section 404 within the prescribed period, we have been and will continue to be engaged in a process to document and evaluate our internal control over financial reporting, which is both costly and challenging. In this regard, we will need to continue to dedicate internal resources, potentially engage outside consultants and adopt a detailed work plan to assess and document the adequacy of internal control over financial reporting, continue steps to improve control processes as appropriate, validate through testing that controls are functioning as documented and implement a continuous reporting and improvement process for internal control over financial reporting. Despite our efforts, there is a risk that in the future neither we nor our independent registered public accounting firm will be able to conclude within the prescribed timeframe or at all, that our internal control over financial reporting is effective as required by Section 404 or that we will not be able to comply with the requirements of Section 404 in a timely manner. If any of these to occur, the market price of our stock could decline and we could be subject to sanctions or investigations by the SEC or other regulatory authorities, which would require additional financial and management resources. Furthermore, investor perceptions of our company may suffer if deficiencies are found, and this could cause a decline in the market price of our stock. Irrespective of compliance with Section 404, any failure of our internal control over financial reporting could have a material adverse effect on our stated operating results and harm our reputation. If we are unable to implement these requirements effectively or efficiently, it could harm our operations, financial reporting, or financial results and could result in an adverse opinion on our internal control over financial reporting from our independent registered public accounting firm.

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

We have never declared or paid cash dividends on our capital stock. We currently intend to retain all of our future earnings, if any, to finance the growth and development of our business. In addition, the terms of any future debt agreements we may enter into may preclude us from paying dividends. As a result, capital appreciation, if any, of our common stock will be your sole source of gain for the foreseeable future.

General Risk Factors

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

We are exposed to the risk of fraud or other misconduct by our employees, clinical trial investigators, CROs, consultants, vendors and any potential commercial partners. Misconduct by these parties could include intentional, reckless and/or negligent conduct or disclosure of unauthorized activities to us that violates: (i) FDA regulations or those of comparable foreign regulatory authorities, including those laws that require the reporting of true, complete and accurate information, (ii) manufacturing standards, (iii) federal and state health and data privacy, security, fraud and abuse, government price reporting, transparency reporting requirements, and other healthcare laws and regulations in the United States and abroad, (iv) sexual harassment and other workplace misconduct, or (v) laws that require the true, complete and accurate reporting of financial information or data. Such misconduct could also involve the improper use of information obtained in the course of clinical trials, which could result in regulatory sanctions and cause serious harm to our reputation. We maintain a written code of business conduct and ethics that applies to our directors, officers and employees, including our principal executive officer, principal financial officer, principal accounting officer or controller, or person performing similar functions, as well as a disclosure program and other applicable policies and procedures, but it is not always possible to identify and deter employee misconduct, and the precautions we take to detect and prevent this activity may not be effective in controlling unknown or unmanaged risks or losses or in protecting us from governmental investigations or other actions or lawsuits stemming from a failure to comply with these laws or regulations. If any such actions are instituted against us, and we are not successful in defending ourselves or asserting our rights, those actions could have a significant impact on our business, including the imposition of significant civil, criminal and administrative penalties, damages, fines, disgorgement, imprisonment, exclusion from government funded healthcare programs, such as Medicare, Medicaid and other federal healthcare programs, contractual damages, reputational harm, diminished profits and future earnings, additional integrity reporting and oversight obligations, and the curtailment or restructuring of our operations, any of which could adversely affect our ability to operate our business and our results of operations.

Our disclosure controls and procedures may not prevent or detect all errors or acts of fraud.

We are subject to the periodic reporting requirements of the Exchange Act. We designed our disclosure controls and procedures to reasonably assure that information we must disclose in reports we file or submit under the Exchange Act is
accumulated and communicated to management, and recorded, processed, summarized and reported within the time periods specified in the rules and forms of
the SEC. We believe that any disclosure controls and procedures or internal controls and procedures, no matter how well-conceived and operated, can provide
only reasonable, not absolute, assurance that the objectives of the control system are met.

These inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of simple error
or mistake. For example, our directors or executive officers could inadvertently fail to disclose a new relationship or arrangement causing us to fail to make any
related party transaction disclosures. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people or
by an unauthorized override of the controls. Accordingly, because of the inherent limitations in our control system, misstatements due to error or fraud may
occur and not be detected. In addition, we do not have a risk management program or processes or procedures for identifying and addressing risks to our
business in other areas.

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

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

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

The trading market for our common stock depends in part on the research and reports that securities or industry analysts publish about us or our
business. If one or more of the analysts who cover us downgrade our common stock or publish inaccurate or unfavorable research about our business, our
common stock price would likely decline. If one or more of these analysts cease coverage of us or fail to publish reports on us regularly, demand for our
common stock could decrease, which might cause our common stock price and trading volume to decline.

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Our business could be negatively affected as a result of actions of activist stockholders, and such activism could impact the trading value of our securities.

Stockholders may, from time to time, engage in proxy solicitations or advance stockholder proposals, or otherwise attempt to effect changes and assert influence on our board of directors and management. Activist campaigns that contest or conflict with our strategic direction or seek changes in the composition of our board of directors could have an adverse effect on our operating results and financial condition. A proxy contest would require us to incur significant legal and advisory fees, proxy solicitation expenses and administrative and associated costs and require significant time and attention by our board of directors and management, diverting their attention from the pursuit of our business strategy. Any perceived uncertainties as to our future direction and control, our ability to execute on our strategy, or changes to the composition of our board of directors or senior management team arising from a proxy contest could lead to the perception of a change in the direction of our business or instability which may result in the loss of potential business opportunities, make it more difficult to pursue our strategic initiatives, or limit our ability to attract and retain qualified personnel and business partners, any of which could adversely affect our business and operating results. If individuals are ultimately elected to our board of directors with a specific agenda, it may adversely affect our ability to effectively implement our business strategy and create additional value for our stockholders. We may choose to initiate, or may become subject to, litigation as a result of the proxy contest or matters arising from the proxy contest, which would serve as a further distraction to our board of directors and management and would require us to incur significant additional costs. In addition, actions such as those described above could cause significant fluctuations in our stock price based upon temporary or speculative market perceptions or other factors that do not necessarily reflect the underlying fundamentals and prospects of our business.

We could be subject to securities class action litigation.

In the past, securities class action litigation has often been brought against a company following a decline in the market price of its securities. This risk is especially relevant for us because pharmaceutical companies have experienced significant stock price volatility in recent years. If we face such litigation, it could result in substantial costs and a diversion of management’s attention and resources, which could harm our business.

Item 1B. Unresolved Staff Comments.

None.

Item 2. Properties.

Our corporate headquarters is located at 10628 Science Center Drive, San Diego, California 92121 where we currently occupy approximately 33,864 square feet of office and lab space. The lease will expire on June 30, 2023. In February 2021 we entered into an assignment and assumption of lease agreement for an additional approximately 8,727 square feet of office and laboratory space also located at 10628 Science Center Drive, San Diego, California 92121. The effective date of the assignment is expected to be April 2021 and the assigned lease will expire on December 31, 2021. We believe our facilities are suitable and adequate for our current needs, and that we will be able to locate additional facilities as needed.

Item 3. Legal Proceedings.

None.

Item 4. Mine Safety Disclosures.

Not applicable.
PART II

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

Market Information

Our common stock has been listed on the Nasdaq Global Select Market under the symbol “TPTX” since April 17, 2019.

Holders of Common Stock

As of February 18, 2021, there were approximately 245 holders of record of our common stock. The actual number of stockholders is greater than this number of record holders and includes stockholders who are beneficial owners but whose shares are held in street name by brokers and other nominees.

Securities Authorized for Issuance Under Equity Compensation Plans

Information about securities authorized for issuance under our equity compensation plans is incorporated herein by reference to Item 12 of Part III of this Annual Report.

Dividend Policy

We have never declared or paid any cash dividends on our capital stock. We currently intend to retain all available funds and any future earnings to support our operations and finance the growth and development of our business. We do not intend to pay cash dividends on our common stock for the foreseeable future. Any future determination related to our dividend policy will be made at the discretion of our board of directors and will depend upon, among other factors, our results of operations, financial condition, capital requirements, contractual restrictions, business prospects and other factors our board of directors may deem relevant.

Recent Sales of Unregistered Securities

There were no unregistered sales of our equity securities during the year ended December 31, 2020.

Issuer Purchases of Equity Securities

None.

Use of Proceeds

We commenced our initial public offering pursuant to registration statements on Form S-1 (File Nos. 333-230428 and 333-230911) that were declared or became effective on April 16, 2019 and registered an aggregate of 10,637,500 shares of our common stock. On April 22, 2019, we completed our initial public offering and sold 10,637,500 shares of our common stock at a public offering price of $18.00 per share for an aggregate gross offering price of $191.5 million. Goldman Sachs & Co. LLC and SVB Leerink LLC acted as joint book-running managers for the offering. Wells Fargo, LLC also served as a joint book-running manager. Canaccord Genuity LLC acted as lead manager.

Net offering proceeds to us, after deducting underwriting discounts and commissions and offering costs, were approximately $175.2 million. No offering costs were paid directly or indirectly to any of our directors or officers (or their associates) or persons owning ten percent or more of any class of our equity securities or to any other affiliates.

Through December 31, 2020, we have used $61.5 million of the net proceeds from our initial public offering. We are investing the remaining net proceeds in a combination of short-term and intermediate-term, interest-bearing obligations, investment grade instruments, certificates of deposit or direct or guaranteed obligations of the U.S. government. We expect to use the remaining net proceeds from our initial public offering as described under “Use of Proceeds” in the final prospectus related to our initial public offering (Prospectus). We cannot predict with certainty all of the particular uses for the remaining net proceeds from our initial public offering, or the amounts that we will actually spend on the uses described under “Use of Proceeds” in the Prospectus. The amounts and timing of our actual use of the remaining net proceeds will vary depending on numerous factors, including our ability to access additional financing, the relative success and cost of our research, preclinical and clinical development programs and whether we are able to enter into future licensing arrangements. As a result, our management will have broad discretion in the application of the remaining net proceeds, and investors will be relying on our judgment regarding the application of the remaining net proceeds from our initial public offering.

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The following stock performance graph compares our total stock return with the total return for (i) the Nasdaq Composite Index and (ii) the Nasdaq Biotechnology Index for the period from January 2, 2020 through December 31, 2020. The figures represented below assume an investment of $100 in our common stock at the closing price of $63.00 on January 2, 2020 and in the Nasdaq Composite Index and the Nasdaq Biotechnology Index on January 2, 2020 and the reinvestment of dividends into shares of common stock. The comparisons in the graph are not intended to forecast or be indicative of possible future performance of our common stock.

* The foregoing graph is furnished solely with this Annual Report, and is not filed with this Annual Report, and shall not be deemed incorporated by reference into any other filing under the Securities Act or the Exchange Act, whether made by us before or after the date hereof, regardless of any general incorporation language in any such filing, except to the extent we specifically incorporate this material by reference into any such filing.

The following selected financial data should be read together with “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and our financial statements and related notes included elsewhere in this Annual Report. The selected balance sheet data as of December 31, 2020 and 2019 and the selected statements of operations data for the years ended December 31, 2020, 2019 and 2018 have been derived from our audited financial statements that are included elsewhere in this Annual Report. The selected statements of operations data for the year ended December 31, 2017 and 2016, and the selected balance sheet data as of December 31, 2018 and 2017 are derived from audited financial statements not included in this Annual Report. Historical results are not necessarily indicative of the results to be expected in the future.

### Year Ended December 31,

<table>
<thead>
<tr>
<th></th>
<th></th>
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<th></th>
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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue</strong></td>
<td>$25,000</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Operating expenses:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Research and development</td>
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<td>57,943</td>
<td>21,062</td>
<td>15,241</td>
<td>5,317</td>
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<tr>
<td>General and administrative</td>
<td>73,425</td>
<td>19,781</td>
<td>4,578</td>
<td>1,487</td>
<td>510</td>
</tr>
<tr>
<td><strong>Total operating expenses</strong></td>
<td>186,836</td>
<td>77,724</td>
<td>25,640</td>
<td>16,728</td>
<td>5,827</td>
</tr>
<tr>
<td><strong>Loss from operations</strong></td>
<td>(161,836)</td>
<td>(77,724)</td>
<td>(25,640)</td>
<td>(16,728)</td>
<td>(5,827)</td>
</tr>
<tr>
<td><strong>Other income, net</strong></td>
<td>4,544</td>
<td>5,593</td>
<td>855</td>
<td>135</td>
<td>7</td>
</tr>
<tr>
<td><strong>Net loss</strong></td>
<td>$157,292</td>
<td>(72,131)</td>
<td>(24,785)</td>
<td>(16,593)</td>
<td>(5,820)</td>
</tr>
<tr>
<td><strong>Net loss per share, basic and diluted</strong></td>
<td>(3.85)</td>
<td>(2.99)</td>
<td>(7.31)</td>
<td>(4.97)</td>
<td>(1.75)</td>
</tr>
<tr>
<td><strong>Weighted-average common shares outstanding, basic and diluted</strong></td>
<td>40,843,782</td>
<td>24,124,924</td>
<td>3,388,586</td>
<td>3,337,640</td>
<td>3,324,673</td>
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</thead>
<tbody>
<tr>
<td><strong>Balance Sheet Data:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and Cash Equivalents and marketable securities</td>
<td>$1,122,508</td>
<td>$409,151</td>
<td>$101,029</td>
<td>$45,033</td>
<td>$12,910</td>
</tr>
<tr>
<td>Working Capital(1)</td>
<td>1,106,287</td>
<td>400,915</td>
<td>96,201</td>
<td>41,089</td>
<td>12,518</td>
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<tr>
<td>Convertible preferred stock</td>
<td>-</td>
<td>-</td>
<td>145,916</td>
<td>66,161</td>
<td>21,373</td>
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<tr>
<td>Total assets</td>
<td>1,136,713</td>
<td>422,202</td>
<td>145,916</td>
<td>66,161</td>
<td>21,373</td>
</tr>
<tr>
<td>Accumulated deficit</td>
<td>(280,176)</td>
<td>(122,884)</td>
<td>(50,753)</td>
<td>(25,968)</td>
<td>(9,375)</td>
</tr>
<tr>
<td>Total stockholders’ equity (deficit)</td>
<td>$1,109,898</td>
<td>$404,351</td>
<td>(48,406)</td>
<td>(24,844)</td>
<td>(8,858)</td>
</tr>
</tbody>
</table>

(1) We define working capital as current assets less current liabilities. See our financial statements included elsewhere in this report for further details regarding our current assets and current liabilities.
Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations.

You should read the following discussion and analysis of our financial condition and results of operations together with our financial statements and related notes thereto included elsewhere in this Annual Report. Some of the information contained in this discussion and analysis or set forth elsewhere in this Annual Report, including information with respect to our plans and strategy for our business and related financing, includes forward-looking statements that involve risks and uncertainties. As a result of many factors, including those factors set forth in the “Risk Factors” section of this Annual 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.

References in the following discussion to “we,” “our,” “us” or “Turning Point” refer to Turning Point Therapeutics, Inc.

Overview

We are a clinical-stage precision oncology biopharmaceutical company designing and developing next-generation therapies that target genetic drivers of cancer to improve the lives of patients. We have developed a macrocycle platform from which we designed our current pipeline of proprietary small, compact tyrosine kinase inhibitors (TKIs) with rigid structures that have the potential to bind to their targets with greater precision and affinity than other kinase inhibitors. Our drug discovery approach integrates tumor biology with structure-based drug design and we believe the TKIs generated from our drug discovery platform have the potential to be best-in-class to address unmet needs in TKI naïve and resistance settings.

Repotrectinib

Our lead drug candidate, repotrectinib, is being evaluated in an ongoing Phase 1/2 trial called TRIDENT-1 for the treatment of patients with ROS1+ advanced non-small-cell lung cancer (NSCLC) and patients with NTRK+ advanced solid tumors. The U.S. Food and Drug Administration (FDA) has granted repotrectinib breakthrough therapy designation for the treatment of patients with ROS1+ metastatic NSCLC who have not been treated with a ROS1 TKI. In addition, the FDA has granted orphan drug designation for the development of repotrectinib in patients with advanced NSCLC with adenocarcinoma histology; and three fast track designations for the treatment of (1) NTRK+ advanced solid tumor patients who have been previously treated with one prior line of chemotherapy and one or two prior TRK TKIs, (2) ROS1+ advanced NSCLC patients who have been previously treated with one prior line of platinum-based chemotherapy and one prior line of a ROS1 TKI and (3) ROS1+ advanced NSCLC patients who have not been previously treated with a ROS1 TKI.

Our multi-cohort Phase 2 registrational portion of TRIDENT-1 is ongoing and we plan to conduct the trial in approximately 120 sites in North America, Europe and the Asia-Pacific regions, with additional sites within China. The trial is designed to enroll a total of approximately 320 patients. The Phase 2 portion of TRIDENT-1 is a registrational trial for potential approval in ROS1+ advanced NSCLC and NTRK+ advanced solid tumors. Based on the breakthrough therapy designation for the treatment of patients with ROS1+ metastatic NSCLC who have not been treated with a ROS1 TKI, and the preliminary data in EXP-1 we reported in January 2021, we plan to discuss the next steps towards potential registration of repotrectinib in this patient population at a Type B meeting with the FDA in the second quarter of 2021. We also anticipate providing clinical data and enrollment updates for other cohorts in the study in the second half of 2021. In addition to the TRIDENT-1 study, we are also conducting a Phase 1/2 study of repotrectinib in pediatric and young adult patients with ALK+, ROS1+ or NTRK+ advanced solid tumors, and plan to initiate a clinical combination study of repotrectinib in KRAS mutant advanced solid tumors in mid-2021.

TPX-0022

Our Phase 1 SHIELD-1 clinical trial of our MET/SRC/CSF1R inhibitor, TPX-0022, is ongoing in patients with advanced solid tumors harboring genetic alterations in MET. The Phase 1 trial is designed to evaluate the overall safety profile, pharmacokinetics and preliminary efficacy of TPX-0022 and includes a dose-finding portion followed by dose expansion in multiple cohorts of MET alterations and tumor types. We are currently evaluating multiple doses/schedules in the dose-finding portion of the study with the goal of selecting the recommended Phase 2 dose in the second quarter of 2021.

Once the recommended Phase 2 dose is determined, we expect to initiate the Phase 1 dose expansion portion of the study. We plan to discuss the ongoing Phase 1 SHIELD-1 study with the FDA to potentially modify the study into a registrational Phase 1/2 design. We are targeting initiation of the Phase 2 portion of the study in the second half of 2021, pending FDA feedback. We anticipate reporting updated data from the dose finding portion of the SHIELD-1 study in the second half of 2021. In parallel, a combination study with TPX-0022 and an EGFR targeted therapy in patients with EGFR mutant MET-amplified NSCLC is also planned for initiation in the second half of 2021.
The Phase 1 portion of our Phase 1/2 clinical trial of our RET inhibitor, TPX-0046 in patients with advanced solid tumors harboring RET genetic alterations is ongoing. The trial is designed to enroll TKI-naïve and TKI-pretreated patients with RET-altered non-small-cell lung, thyroid, and other advanced cancers in multiple cohorts to assess safety, tolerability, pharmacokinetics and preliminary clinical activity of TPX-0046, with a targeted enrollment of approximately 50 patients in the Phase 1 dose finding portion, and approximately 300 patients in the Phase 2 expansion portion at sites in North America, Europe and Asia-Pacific regions. We are currently evaluating multiple doses/schedules in the dose-finding portion of the study. We anticipate reporting preliminary data from approximately 15 to 20 patients in the dose finding portion of this study in the second quarter of 2021.

TPX-0131

Our fourth drug candidate, TPX-0131, is a next-generation preclinical ALK inhibitor. TPX-0131 has been designed with a compact macrocyclic structure and in preclinical studies has been shown to potently inhibit wildtype ALK and numerous ALK mutations, in particular the clinically observed G1202R solvent front mutation and G1202R/L1196M compound mutation. Additionally, preclinical in vivo studies have shown that TPX-0131 has significant brain tissue penetration after repeat oral dosing supporting the potential to cross the blood-brain barrier. We plan to present additional preclinical data highlighting TPX-0131’s in vitro and in vivo profile at a medical conference in the second quarter of 2021. We plan to initiate a Phase 1/2 global clinical study of TPX-0131 in TKI-pretreated patients with ALK+ advanced NSCLC, in the second quarter of 2021. The IND submission to the FDA is anticipated in the first quarter of 2021 and the Australian Ethics Committee has already approved the study design.

Discovery Platform

Our macrocycle platform is the foundation of our current drug candidate pipeline and we are applying novel small molecule design approaches integrating tumor biology and structure-based design to develop a new generation of orally available proprietary TKIs that we believe will have the ability to maintain or enhance inhibition of the targeted kinase in both TKI-naïve and TKI-pretreated patients. We anticipate our internal and external exploration of oncology candidates will continue to include kinome targets and other oncogenic signaling proteins and pathways that address high unmet medical needs.

COVID-19 Pandemic

We have experienced disruptions to our business operations as a result of the COVID-19 pandemic. Due to the continued evolving and uncertain global impacts of the COVID-19 pandemic, we cannot precisely determine or quantify the impact this pandemic will have on our ongoing business, operations and financial performance. We have established a work-from-home policy for all employees, other than those performing or supporting business-critical activities, such as certain members of our laboratory and facilities staff. While the majority of employees continue to work from home, we continue to evaluate and update this policy based on guidance from federal, state and local government authorities. For our ongoing and planned clinical trials, while we anticipate and have experienced some temporary delays or disruptions due to the COVID-19 pandemic, in particular with respect to activation of additional clinical trial sites and patient enrollment, we continue to work closely with our contract research organizations (CROs) and clinical sites as we navigate and seek to mitigate the impact of COVID-19 on our clinical studies and current timelines. Measures we have taken in response to COVID-19, include where feasible, conducting remote clinical trial site activations and data monitoring, enabling patients to have routine tests conducted closer to home, allowing trial sites to evaluate certain patients remotely, in compliance with their local procedures, and direct-to-patient study drug shipping. In addition, we currently have sufficient supply or plans for supply to meet our anticipated clinical development needs for our drug candidates through 2021. However, depending on the length and ultimate impact of the COVID-19 pandemic, our suppliers could be adversely impacted, which may result in delays or disruptions in our current or future supply chain.

We will continue to assess the duration, scope and severity of the COVID-19 pandemic and the existing and potential impacts on our business, operations and financial performance, and we will continue to work closely with our third-party vendors, CROs, collaborators and other parties in order to seek to advance our drug candidate pipeline as quickly as possible, while making the health and safety of our employees and their families, healthcare providers, patients and communities a top priority.
Liquidity Overview

Since our inception, we have incurred significant operating losses. Our ability to generate product revenue sufficient to achieve profitability will depend heavily on the successful development and eventual commercialization of one or more of our drug candidates. As of December 31, 2020, we had an accumulated deficit of $280.2 million and we incurred net losses of approximately $157.3 million for the year ended December 31, 2020. We expect to continue to incur significant expenses and increasing operating losses for at least the next several years.

In August 2020, we entered into an Open Market Sale AgreementSM with Jefferies LLC (ATM facility) under which we may offer and sell, from time to time, at our sole discretion, up to $250.0 million shares of our common stock. To date, we have not yet sold any shares of our common stock under the ATM facility.

We will not generate revenue from product sales until we successfully complete clinical development and obtain regulatory approval for our drug candidates. If we obtain regulatory approval for any of our drug candidates and do not enter into a commercialization partnership, we expect to incur significant expenses related to developing our internal commercialization capability to support product sales, marketing and distribution.

As a result, we will need substantial additional funding to support our continuing operations and pursue our growth strategy. Until such time as we can generate significant revenue from product sales, if ever, we expect to finance our operations through a combination of equity offerings, debt financings, collaborations, strategic alliances and marketing, distribution or licensing arrangements. We may be unable to raise additional funds or enter into such other agreements or arrangements when needed on favorable terms, or at all.

The COVID-19 pandemic continues to rapidly evolve and has already resulted in a significant disruption of global financial markets. Our ability to raise additional capital may be adversely impacted by potential worsening global economic conditions and further disruptions to, and volatility in, the credit and financial markets in the United States and worldwide resulting from the pandemic. If such further disruption occurs, we could experience an inability to access additional capital. If we fail to raise capital or enter into such agreements we may have to significantly delay, scale back or discontinue the development and commercialization of one or more of our drug candidates.

In May 2020, we completed a public offering in which we sold an aggregate of 6,229,167 shares of common stock at a price of $60.00 per share. Net proceeds from the public offering, after deducting underwriting discounts, commissions and offering costs, were approximately $351.6 million.

In October 2020, we completed a public offering in which we sold an aggregate of 5,287,357 shares of common stock at a price of $87.00 per share. Net proceeds from the public offering, after deducting underwriting discounts, commissions and offering costs, were approximately $433.9 million.

Components of Our Results of Operations

Revenue

To date, we have not generated any revenue from product sales. If our development efforts for our drug candidates are successful and result in regulatory approval, we may generate revenue in the future from product sales. If we enter into license or collaboration agreements for any of our drug candidates or intellectual property, such as the Zai License Agreements, we may generate revenue in the future from payments as a result of such license or collaboration agreements. Under the Zai Repotrectinib Agreement, we recognized revenue of $25.0 million in the year ended December 31, 2020. Unless and until we are able to generate revenue from future product sales, we expect that our revenue, if any, will be derived primarily from the Zai License Agreements, as well as any collaborations or additional license agreements that we may enter into in the future. We cannot provide assurance as to the timing of future milestone or royalty payments or that we will receive any of these payments at all. We cannot predict if, when, or to what extent we will generate revenue from the commercialization and sale of our drug candidates. We may never succeed in obtaining regulatory approval for any of our drug candidates.

Operating Expenses

Research and Development Expenses

Research and development expenses consist primarily of costs incurred for our research activities, including our drug discovery efforts, and the development of our drug candidates, which include:

- employee-related expenses, including salaries, related benefits, travel and stock-based compensation expense for employees engaged in research and development functions;
- expenses incurred in connection with the preclinical and clinical development of our drug candidates, including expenses incurred under agreements with CROs;
• the cost of consultants and contract manufacturing organizations (CMOs) that manufacture drug products for use in our preclinical studies and clinical trials; and
• facilities, depreciation and other expenses, which include allocated expenses for rent and maintenance of facilities, insurance and supplies.

We expense research and development costs as incurred. Nonrefundable advance payments for goods or services to be received in the future for use in research and development activities are recorded as prepaid assets. Our prepaid assets are expensed as the related goods are delivered or the services are performed.

Our direct research and development expenses are tracked on a program-by-program basis and consist primarily of external costs, such as fees paid to consultants, central laboratories, contractors, CMOs and CROs in connection with our preclinical and clinical development activities. We allocate indirect expenses, such as employee salaries, fringe benefits, facilities, travel and other miscellaneous expenses, based on an estimated percentage of time worked on programs.

The table below summarizes our research and development expenses incurred by development program for the periods presented (in thousands):

<table>
<thead>
<tr>
<th>Research and development expenses</th>
<th>2020</th>
<th>2019</th>
<th>2018</th>
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</thead>
<tbody>
<tr>
<td>Repotrectinib</td>
<td>$66,229</td>
<td>$38,022</td>
<td>$12,214</td>
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<tr>
<td>TPX-0022</td>
<td>15,249</td>
<td>7,798</td>
<td>-</td>
</tr>
<tr>
<td>TPX-0046</td>
<td>12,765</td>
<td>8,276</td>
<td>-</td>
</tr>
<tr>
<td>Other research programs</td>
<td>19,168</td>
<td>3,847</td>
<td>8,848</td>
</tr>
<tr>
<td>Total research and development expenses</td>
<td>$113,411</td>
<td>$57,943</td>
<td>$21,062</td>
</tr>
</tbody>
</table>

Drug candidates in later stages of clinical development generally have higher development costs than those in earlier stages of clinical development, primarily due to the increased size and duration of later-stage clinical trials. We expect that our research and development expenses will increase substantially in connection with our ongoing and planned clinical and preclinical development activities in the near term and in the future. At this time, we cannot reasonably estimate or know the nature, timing and costs of the efforts that will be necessary to complete the preclinical and clinical development of any of our drug candidates.

The successful development of our drug candidates is highly uncertain. This is due to the numerous risks and uncertainties, including the following:

- successful completion of preclinical studies and clinical trials;
- the impact of the COVID-19 pandemic on our business, operations and financial condition
- delays in regulators or institutional review boards authorizing us or our investigators to commence our clinical trials or in our ability to negotiate agreements with clinical trial sites or contract research organizations;
- the number and location of clinical sites included in the trials;
- raising additional funds necessary to complete clinical development of our drug candidates;
- obtaining and maintaining patent, trade secret and other intellectual property protection and regulatory exclusivity for our drug candidates;
- making arrangements with third-party manufacturers, or establishing manufacturing capabilities, for clinical supplies of our drug candidates;
- the ability to obtain clearance or approval of companion diagnostic tests, if required, on a timely basis, or at all;
- the results of our clinical trials;
- protecting and enforcing our rights in our intellectual property portfolio; and
- maintaining a continued acceptable safety profile of the products following approval.

A change in the outcome of any of these variables with respect to the development of our drug candidates may significantly impact the costs and timing associated with the development of our drug candidates. We may never succeed in obtaining regulatory approval for any of our drug candidates.
Research and development activities are central to our business model. There are numerous factors associated with the successful commercialization of any of our drug candidates, including future trial design and various regulatory requirements, many of which cannot be determined with accuracy at this time based on our stage of development. In addition, future regulatory factors beyond our control may impact our clinical development programs.

**General and Administrative Expenses**

General and administrative expenses consist primarily of salaries and related costs for personnel in executive, finance and administrative functions, including stock-based compensation. General and administrative expenses also include travel expenses and direct and allocated facility-related costs, as well as professional fees for legal, patent, accounting and tax-related services and insurance costs.

We anticipate that our general and administrative expenses will continue to increase as a result of increased payroll, expanded infrastructure and higher consulting, accounting and investor relations costs, and director and officer insurance premiums associated with being a public company.

**Other income, net**

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

**Income Taxes**

We are subject to typical corporate U.S. federal and state income taxation. As of December 31, 2020, we had federal and state net operating loss carryforwards of approximately $225.8 million and $111.5 million, respectively. Portions of the federal and state net operating loss carryforwards will begin to expire in 2033 if not utilized. The $205.3 million of the federal net operating loss carryforwards generated post 2017 can be carried forward indefinitely. As of December 31, 2020, we had federal and state research and development tax credits of approximately $3.2 million and $4.6 million, respectively. As of December 31, 2020, we had federal Orphan Drug tax credits of approximately $20.6 million. If not utilized, the federal research tax credit will begin to expire in 2035 and the Orphan Drug credit will begin to expire in 2037. The California research tax credit can be carried forward indefinitely.

Utilization of the net operating loss carryforwards may be subject to a substantial annual limitation due to the ownership change limitations provided by Section 382 of the Code and similar provisions of state law. The annual limitations in Sections 382 and 383 of the Code may result in the expiration of our net operating loss and tax credit carryforwards before utilization. We have performed an analysis to determine whether our net operating loss and credit carryforwards are subject to an annual limitation under Sections 382 or 383 of the Code through June 30, 2020. Although the Company experienced ownership changes in 2013, 2015, and 2017, the ownership changes did not result in a forfeiture of tax attributes. We have not performed an analysis to determine whether our net operating loss and credit carryforwards generated in the last 6-months of the tax year ending December 31, 2020, are subject to an annual limitation under Sections 382 or 383 of the Code.

**Critical Accounting Policies and Significant Judgments and Estimates**

Our management’s discussion and analysis of our financial condition and results of operations are based on our financial statements, which have been prepared in accordance with U.S. generally accepted accounting principles. The preparation of our financial statements and related disclosures requires us to make estimates and judgments that affect the reported amounts of assets and liabilities, related disclosure of contingent liabilities at the date of the financial statements, and the reported amounts of expenses and other income during the reporting period. We continually evaluate our estimates and judgments, the most critical of which are those related to determining the standalone selling prices of performance obligations associated with license and collaboration arrangements, preclinical and clinical trial costs and accruals and stock-based compensation costs. We base our estimates and judgments on historical experience and other factors that we believe to be reasonable under the circumstances. Materially different results can occur as circumstances change and additional information becomes known.

While our significant accounting policies are described in more detail in Note 2 to our financial statements appearing in this Annual Report, we believe that the following accounting policies are those most critical to the judgments and estimates used in the preparation of our financial statements.

**Revenue**

We recognize revenue in accordance with Accounting Standards Codification (ASC) Topic 606, Revenue From Contracts With Customers (ASC 606). A critical accounting component in recognition of revenue from license and collaboration agreements is determining the standalone selling prices (SSP). In developing the SSP for a performance obligation, we consider applicable market conditions and relevant entity-specific factors, including factors that were contemplated in negotiating the agreement with the customer and estimated costs.
Research and development expenses, including clinical trial costs and accruals, consist primarily of costs incurred for our research activities, including our drug discovery efforts, and the development of our drug candidates, which include:

- employee-related expenses, including salaries, related benefits, travel and stock-based compensation expense for employees engaged in research and development functions;
- expenses incurred in connection with the preclinical and clinical development of our drug candidates, including expenses incurred under agreements with contract research organizations (CROs);
- the cost of consultants and CMOs that manufacture drug products for use in our preclinical studies and clinical trials; and
- facilities, depreciation and other expenses, which include allocated expenses for rent and maintenance of facilities, insurance and supplies.

We expense research and development costs to operations as incurred. Nonrefundable advance payments for goods or services to be received in the future for use in research and development activities are recorded as prepaid assets. Our prepaid assets are expensed as the related goods are delivered or the services are performed.

Our direct research and development expenses are tracked on a program-by-program basis and consist primarily of external costs, such as fees paid to consultants, central laboratories, contractors, CMOs and CROs in connection with our preclinical and clinical development activities. We allocate indirect expenses, such as employee salaries, fringe benefits, facilities, travel and other miscellaneous expenses, based on an estimated percentage of time worked on programs.

Stock-Based Compensation Expense

For purposes of calculating stock-based compensation, we estimate the fair value of stock options issued using a Black-Scholes option-pricing model. The determination of the fair value of stock-based payment awards utilizing the Black-Scholes model is affected by our stock price and a number of assumptions, including expected volatility, expected life, risk-free interest rate and expected dividends.

**Expected Term**—We have opted to use the “simplified method” for estimating the expected term of employee options, whereby the expected term equals the arithmetic average of the vesting term and the original contractual term of the option (generally 10 years).

**Expected Volatility**—Due to our limited operating history and a lack of company specific historical and implied volatility data, we have based our estimate of expected volatility on the historical volatility of a group of similar companies that are publicly traded. The historical volatility data was computed using the daily closing prices for the selected companies’ shares during the equivalent period of the calculated expected term of the stock-based awards.

**Risk-Free Interest Rate**—The risk-free rate assumption is based on the U.S. Treasury instruments with maturities similar to the expected term of our stock options.

**Expected Dividend**—We have not issued any dividends and do not expect to issue dividends over the life of the options. As a result, we have estimated the dividend yield to be zero.

The estimated fair value of stock options granted to employees and non-employee service providers are expensed over the requisite service period (generally the vesting term) on a straight-line basis. We account for the impact of forfeitures as they occur.

The assumptions underlying these valuations represent management’s best estimates, which involve inherent uncertainties and the application of management judgment. As a result, if factors or expected outcomes change and we use significantly different assumptions or estimates, our stock-based compensation expense could be materially different.
## Results of Operations

### Comparison of the Years Ended December 31, 2020 and 2019

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

<table>
<thead>
<tr>
<th></th>
<th>Year Ended December 31,</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2020</td>
</tr>
<tr>
<td>Revenue</td>
<td>$25,000</td>
</tr>
<tr>
<td>Operating expenses:</td>
<td></td>
</tr>
<tr>
<td>Research and development</td>
<td>113,411</td>
</tr>
<tr>
<td>General and administrative</td>
<td>73,425</td>
</tr>
<tr>
<td>Total operating expenses</td>
<td>186,836</td>
</tr>
<tr>
<td>Loss from operations</td>
<td>(161,836)</td>
</tr>
<tr>
<td>Other income, net</td>
<td>4,544</td>
</tr>
<tr>
<td>Net loss</td>
<td>$(157,292)</td>
</tr>
</tbody>
</table>

### Revenue

Revenue recognized during the year ended December 31, 2020 of $25.0 million was related to the Zai Repotrectinib Agreement. We recognized license revenue of $25.0 million for an upfront fee associated with the delivery of the license and know how performance obligation.

### Research and development expenses

Research and development expenses increased by $55.5 million from $57.9 million during 2019 to $113.4 million during 2020. The increase was primarily attributable to increased activity for the ongoing clinical trials for the Phase 2 registrational portion of TRIDENT-1, the Phase 1 trial for TPX-0022 and the Phase 1/2 trial TPX-0046. We expect that our research and development expenses will continue to increase in future periods with the advancement of our clinical programs and additional future clinical trials and discovery efforts.

### General and administrative expenses

General and administrative expenses increased by $53.6 million from $19.8 million during 2019 to $73.4 million during 2020. The increase was primarily attributable to higher personnel-related expenses, including stock-based compensation expense, as a result of increased employee head count and professional fees for legal and accounting services.

During the first quarter of 2020, we incurred a one-time charge of $32.6 million in connection with the Transition Separation and Consulting Agreement with our founder and former Chief Scientific Officer, Dr. Jingrong Jean Cui. We recorded $1.2 million in expense during the first quarter of 2020 representing the cash severance that we paid to Dr. Cui during 2020. In addition, we incurred a non-cash stock compensation charge of $31.4 million due to the modification of the vesting and expected term of Dr. Cui’s outstanding stock options. This one-time charge was classified as a general and administrative expense due to the nature of, and nonsubstantive service conditions resulting from the modification to these awards.

### Other income, net

Other income, net decreased $1.1 million from $5.6 million during 2019 to $4.5 million during 2020. The decrease was primarily due to lower overall yields on our marketable securities and money market funds.

### Comparison of the Years Ended December 31, 2019 and 2018

The following table summarizes our results of operations for the years ended December 31, 2019 and 2018 (in thousands):

95
### Operating expenses:

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Research and development</td>
<td>$57,943</td>
<td>$21,062</td>
</tr>
<tr>
<td>General and administrative</td>
<td>19,781</td>
<td>4,578</td>
</tr>
<tr>
<td><strong>Total operating expenses</strong></td>
<td>77,724</td>
<td>25,640</td>
</tr>
<tr>
<td>Loss from operations</td>
<td>(77,724)</td>
<td>(25,640)</td>
</tr>
<tr>
<td>Other income, net</td>
<td>5,593</td>
<td>855</td>
</tr>
<tr>
<td><strong>Net income</strong></td>
<td>$(72,131)</td>
<td>$(24,785)</td>
</tr>
</tbody>
</table>

**Research and development expenses**

Research and development expenses increased by $36.9 million from $21.1 million during 2018 to $57.9 million during 2019. The increase was primarily attributable to the 2019 commencements of the Phase 2 registrational portion of TRIDENT-1, the Phase 1 trial for TPX-0022 and the Phase 1/2 trial TPX-0046.

**General and administrative expenses**

General and administrative expenses increased by $15.2 million from $4.6 million during 2018 to $19.8 million during 2019. The increase was primarily attributable to higher personnel-related expenses as a result of increased employee head count and professional fees for legal and accounting services, which supported our transition to becoming a public company in 2019.

**Other income, net**

Other income, net increased by $4.7 million from $0.9 million during 2018 to $5.6 million during 2019. The increase was primarily driven by an increase in interest earned on our higher marketable securities and money market account balances resulting from our public offerings in 2019.

**Liquidity and Capital Resources; Plan of Operations**

Based on our current and anticipated level of operations, we believe that our cash and cash equivalents and marketable securities, as of December 31, 2020, will be sufficient to fund current operations for at least one year from the date that this Annual Report on Form 10-K is filed with the SEC. At December 31, 2020, we had $1.1 billion of cash and cash equivalents and marketable securities. Our cash and cash equivalents and marketable securities include money market funds, government agency securities, corporate debt, commercial paper and U.S. treasuries. We maintain established guidelines relating to diversification and maturities of our investments to preserve principal and maintain liquidity.

Since inception, our operations have been financed primarily through the sale of common stock and convertible preferred stock. Through December 31, 2020, we received net proceeds of approximately $1.3 billion from the issuance of common stock, convertible preferred stock and through stock option exercises. In May 2020, we completed a public offering in which we sold an aggregate of 6,229,167 shares of common stock at a price of $60.00 per share. Net proceeds from the public offering, after deducting underwriting discounts, commissions and offering costs, were approximately $351.6 million.

Most recently, in October 2020, we completed a public offering in which we sold an aggregate of 5,287,357 shares of common stock at a price of $87.00 per share. Net proceeds from the public offering, after deducting underwriting discounts, commissions and offering costs, were approximately $433.9 million.

In August 2020, we entered into the ATM facility, under which we may offer and sell, from time to time, at our sole discretion, up to $250.0 million shares of our common stock. To date, we have not yet sold any shares of our common stock under the ATM facility.
Since inception, we have primarily devoted our resources to build infrastructure, conduct research and development, including clinical trials, perform business and financial planning, and raise capital. To fund future operations, we will need to raise significant additional capital. The amount and timing of future funding requirements will depend on many factors, including the timing and results of our ongoing development activities, the potential expansion of our current development programs, potential new development programs and related general and administrative support. We may seek to obtain additional financing in the future through equity or debt financings or other sources, such as potential collaboration agreements. We cannot make assurances that anticipated additional financing will be available to us on favorable terms, or at all. The COVID-19 pandemic continues to rapidly evolve and has already resulted in a significant disruption of global financial markets. Our ability to raise additional capital may be adversely impacted by potential worsening global economic conditions and further disruptions to, and volatility in, the credit and financial markets in the United States and worldwide resulting from the pandemic. If such further disruption occurs, we could experience an inability to access additional capital, which could in the future negatively affect our capacity to fund research and development programs, including discovery research, preclinical and clinical development activities and activities to support commercialization. Although we have previously been successful in obtaining financing through our equity securities offerings, there can be no assurance that we will be able to do so in the future.

**Cash Flows**

The following table summarizes our sources and uses of cash for each of the periods presented (in thousands):

<table>
<thead>
<tr>
<th>Year ended December 31,</th>
<th>2020</th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net cash used in operating activities</td>
<td>(82,793)</td>
<td>(57,757)</td>
<td>(23,533)</td>
</tr>
<tr>
<td>Net cash used in investing activities</td>
<td>(210,032)</td>
<td>(361,079)</td>
<td>(302)</td>
</tr>
<tr>
<td>Net cash provided by financing activities</td>
<td>798,738</td>
<td>365,995</td>
<td>79,831</td>
</tr>
</tbody>
</table>

**Operating Activities**

During the year ended December 31, 2020, operating activities used approximately $82.8 million primarily due to the Phase 2 registrational portion of TRIDENT-1, the Phase 1 trial for TPX-0022 and Phase 1/2 trial for TPX-0046. Cash used to fund operations is partially offset from the cash received from the $25.0 million upfront payment under the Zai Repotrectinib Agreement.

During the year ended December 31, 2019, operating activities used approximately $57.8 million to support the development of our pipeline including the ongoing Phase 1 trial for repotrectinib and further development of TPX-0022 and TPX-0046.

During the year ended December 31, 2018, operating activities used approximately $23.5 million due to increases in headcount to support the development of our pipeline.

**Investing Activities**

During the year ended December 31, 2020, investing activities used approximately $210.0 million primarily resulting from the purchases (net of maturities) of our marketable securities.

During the year ended December 31, 2019, investing activities used approximately $361.1 million primarily resulting from the purchases (net of maturities) of our marketable securities.

During the year ended December 31, 2018, investing activities used approximately $0.3 million related to purchases of property and equipment, primarily laboratory equipment.

**Financing Activities**

During the year ended December 31, 2020, financing activities provided approximately $798.7 million in net proceeds, primarily resulting from the net proceeds from our public offerings in May and October 2020 and from option exercises in fiscal year 2020.

During the year ended December 31, 2019, financing activities provided approximately $366.0 million in net proceeds, primarily resulting from the net proceeds from our April 2019 initial public offering and September 2019 public offering and from option exercises in fiscal year 2019.
During the year ended December 31, 2018, financing activities provided approximately $79.8 million in net proceeds from the sale and issuance of our Series D convertible preferred stock.

**Contractual Obligations and Commitments**

The following table summarizes our contractual obligations, excluding interest, as of December 31, 2020:

<table>
<thead>
<tr>
<th>Payments Due By Period</th>
<th>Total</th>
<th>Less Than 1 Year</th>
<th>1 to 3 Years</th>
<th>4 to 5 Years</th>
<th>More Than 5 Years</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(In thousands)</td>
<td>$3,819</td>
<td>$1,396</td>
<td>$2,423</td>
<td>–</td>
</tr>
</tbody>
</table>

We enter into contracts in the normal course of business with various third parties for clinical trials, preclinical research studies and testing, manufacturing and other services and products for operating purposes. These contracts provide for termination upon notice. Payments due upon cancellation consist only of payments for services provided or expenses incurred, including non-cancellable obligations of our service providers, up to the date of cancellation. These payments are not included in the table of contractual obligations above.

**Off-Balance Sheet Arrangements**

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

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

We are exposed to market risks in the ordinary course of our business. These risks primarily relate to equity price risk and interest rate fluctuations. Substantially all of our cash, cash equivalents and marketable securities are held at two financial institutions. Due to the financial strength of the depository institutions, we believe these financial institutions represent a minimal credit risk. Cash amounts held at financial institutions are insured by the Federal Deposit Insurance Corporation (FDIC) up to $250,000. At December 31, 2020, cash and cash equivalents and marketable securities totaling $1,122.3 million are either not subject to FDIC insurance, or exceed the FDIC insured limit. Our cash and cash equivalents and marketable securities are invested in short term, high grade securities, and as a result, we believe represent a minimal credit risk. If a 10% change in interest rates were to have occurred on December 31, 2020, this change would not have had a material effect on the fair value of our investment portfolio as of that date.

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

The financial statements and supplementary data required by this item are included in Part IV, Item 15 of this Annual Report.

None.

Item 9A. Controls and Procedures.

Evaluation of Disclosure Controls and Procedures

As required by Rule 13a-15(b) and Rule 15d-15(b) of the Exchange Act, our management, including our principal executive officer and our principal financial officer, conducted an evaluation as of the end of the period covered by this Annual Report of the effectiveness of the design and operation of our disclosure controls and procedures. Based on that evaluation, management has concluded that as of December 31, 2020, our disclosure controls and procedures were effective at the reasonable assurance level and we believe the financial statements included in this Annual Report present, in all material respects, our financial position, results of operations, comprehensive loss and cash flows for the periods presented in conformity with U.S. generally accepted accounting principles.

Management’s Report on Internal Control Over Financial Reporting

Our management is also responsible for establishing and maintaining for us adequate internal control over financial reporting, as such term is defined in Rule 13a-15(f) of the Exchange Act. Under the supervision and with the participation of our management, including our principal executive officer and our principal financial officer, we conducted an evaluation of the effectiveness of our internal control over financial reporting based on the Internal Control—Integrated Framework (2013 framework) issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on our evaluation under this framework, our management concluded that our internal control over financial reporting was effective as of December 31, 2020.

The independent registered public accounting firm that audited our financial statements as of and for the year ended December 31, 2020, included in this Annual Report, has issued an attestation report on our internal control over financial reporting, and such report is included below.

Changes in Internal Control Over Financial Reporting

There were no changes in our internal control over financial reporting identified during the quarter ended December 31, 2020 that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Attestation Report of the Independent Registered Public Accounting Firm

Report of Independent Registered Public Accounting Firm

To the Stockholders and the Board of Directors of Turning Point Therapeutics, Inc.

Opinion on Internal Control Over Financial Reporting

We have audited Turning Point Therapeutics, Inc.’s internal control over financial reporting as of December 31, 2020, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the COSO criteria). In our opinion, Turning Point Therapeutics, Inc. (the Company) maintained, in all material respects, effective internal control over financial reporting as of December 31, 2020, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the balance sheets of the Company as of December 31, 2020 and 2019, the related statements of operations and comprehensive loss, changes in convertible preferred stock and stockholders’ equity (deficit) and cash flows for each of the three years in the period ended December 31, 2020, and the related notes and our report dated March 1, 2021 expressed an unqualified opinion thereon.

Basis for Opinion

The Company’s management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management’s Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the Company’s internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

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We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects.

Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control Over Financial Reporting

A company’s internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

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

/s/ Ernst & Young LLP
San Diego, California
March 1, 2021

Item 9B. Other Information

None.
PART III

Item 10. Directors, Executive Officers and Corporate Governance.

We have adopted a written code of ethics for all directors, officers (including our principal executive officer, principal financial officer and principal accounting officer) and employees, known as the Code of Business Conduct and Ethics. The Code of Business Conduct and Ethics is available on our website at www.ttherapeutics.com under the Corporate Governance section of our Investors page. We intend to promptly disclose on our website any future amendments to, or waivers from, provisions of our Code of Business Conduct and Ethics that apply to our principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions.

The other information required by this item will be included under the captions “Election of Directors” and “Compensation and Other Information Concerning Executive Officers, Directors and Certain Stockholders” in our definitive proxy statement for our 2021 Annual Meeting of Stockholders to be held in June 2021 (Proxy Statement), to be filed with the SEC within 120 days after the end of the fiscal year ended December 31, 2020, and is incorporated herein by reference.

Item 11. Executive Compensation.

The information required by this item will be set forth in the Proxy Statement and is incorporated herein.


The information required by this item will be set forth in the Proxy Statement and is incorporated herein.

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

The information required by this item will be set forth in the Proxy Statement and is incorporated herein.

Item 14. Principal Accounting Fees and Services.

The information required by this item will be set forth in the Proxy Statement and is incorporated herein.

(a) The following documents are filed as a part of this Annual Report:

1. Report of Independent Registered Public Accounting Firm
2. Balance Sheets
3. Statements of Operations and Comprehensive Loss
4. Statements of Changes in Convertible Preferred Stock and Stockholders’ Equity (Deficit)
5. Statements of Cash Flows
6. Notes to Financial Statements

(2) All other financial statement schedules have been omitted because they are not applicable, not required or the information required by such schedules is shown in the financial statements or the notes thereto.

(3) Exhibits

See Item 15, subsection (b) below.

(b) The following exhibits are filed as part of this Annual Report:
<table>
<thead>
<tr>
<th>Exhibit Number</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>3.1</td>
<td>Amended and Restated Certificate of Incorporation of the Registrant (filed as Exhibit 3.1 to the Registrant’s Current Report on Form 8-K, filed with the SEC on April 22, 2019, and incorporated by reference herein).</td>
</tr>
<tr>
<td>3.2</td>
<td>Amended and Restated Bylaws of the Registrant (filed as Exhibit 3.2 to the Registrant’s Current Report on Form 8-K, filed with the SEC on April 22, 2019, and incorporated by reference herein).</td>
</tr>
<tr>
<td>4.1</td>
<td>Specimen Common Stock Certificate of the Registrant (filed as Exhibit 4.1 to the Registrant’s Registration Statement on Form S-1, as amended, filed with the SEC on April 8, 2019, and incorporated by reference herein).</td>
</tr>
<tr>
<td>4.2</td>
<td>Fourth Amended and Restated Investor Rights Agreement, dated October 18, 2018, by and among the Registrant and certain of its securityholders (filed as Exhibit 4.2 to the Registrant’s Registration Statement on Form S-1, as amended (File No. 333-230428), filed with the SEC on March 21, 2019, and incorporated by reference herein).</td>
</tr>
<tr>
<td>4.3</td>
<td>Description of Common Stock (filed as Exhibit 4.3 to theRegistrant’s Annual Report on Form 10-K, filed with the SEC on March 18, 2020, and incorporated by reference herein).</td>
</tr>
<tr>
<td>10.1</td>
<td>Form of Indemnity Agreement by and between the Registrant and its directors and officers (filed as Exhibit 10.1 to the Registrant’s Registration Statement on Form S-1, as amended, filed with the SEC on April 8, 2019, and incorporated by reference herein).</td>
</tr>
<tr>
<td>10.2</td>
<td>Turning Point Therapeutics, Inc. 2013 Equity Incentive Plan, as amended, and Forms of Stock Option Grant Notice, Option Agreement and Notice of Exercise thereunder (filed as Exhibit 10.2 to the Registrant’s Registration Statement on Form S-1, filed with the SEC on March 21, 2019, and incorporated by reference herein).</td>
</tr>
<tr>
<td>10.3</td>
<td>Turning Point Therapeutics, Inc. 2019 Equity Incentive Plan and Forms of Stock Option Grant Notice, Option Agreement and Notice of Exercise (filed as Exhibit 10.3 to the Registrant’s Registration Statement on Form S-1, as amended, filed with the SEC on April 8, 2019, and incorporated by reference herein).</td>
</tr>
<tr>
<td>10.4</td>
<td>Turning Point Therapeutics, Inc. 2019 Employee Stock Purchase Plan (filed as Exhibit 10.4 to the Registrant’s Registration Statement on Form S-1, as amended, filed with the SEC on April 8, 2019, and incorporated by reference herein).</td>
</tr>
<tr>
<td>10.5</td>
<td>Turning Point Therapeutics, Inc. Severance Benefit Plan (SVP/VP) (filed as Exhibit 10.6 to the Registrant’s Registration Statement on Form S-1, filed with the SEC on March 21, 2019, and incorporated by reference herein).</td>
</tr>
<tr>
<td>10.6</td>
<td>Executive Employment Agreement, dated September 29, 2018, by and between the Registrant and Athena Countouriotis, M.D. (filed as Exhibit 10.7 to the Registrant’s Registration Statement on Form S-1, filed with the SEC on March 21, 2019, and incorporated by reference herein).</td>
</tr>
<tr>
<td>10.7</td>
<td>Lease, dated June 19, 2019, by and between the Registrant and ARE-SD Region No. 44, LLC (filed as Exhibit 10.1 to the Registrant’s Current Report on Form 8-K, filed with the SEC on June 21, 2019, and incorporated by reference herein).</td>
</tr>
<tr>
<td>10.8</td>
<td>Consulting Agreement by and between the Registrant and Sheila K. Gujrathi, M.D. dated as of November 14, 2017 (filed as Exhibit 10.11 to the Registrant’s Registration Statement on Form S-1, filed with the SEC on March 21, 2019, and incorporated by reference herein).</td>
</tr>
<tr>
<td>10.9</td>
<td>Executive Employment Agreement, dated March 20, 2019, by and between the Registrant and Annette North (filed as Exhibit 10.12 to the Registrant’s Registration Statement on Form S-1, as amended, filed with the SEC on April 8, 2019, and incorporated by reference herein).</td>
</tr>
<tr>
<td>Exhibit Number</td>
<td>Description</td>
</tr>
<tr>
<td>----------------</td>
<td>-------------</td>
</tr>
<tr>
<td>10.10†</td>
<td>Executive Employment Agreement, dated July 25, 2019, by and between the Registrant and Yi Larson (filed as Exhibit 10.1 to the Registrant’s Current Report on Form 8-K, filed with the SEC on July 29, 2019, and incorporated by reference herein).</td>
</tr>
<tr>
<td>10.11†</td>
<td>Non-Employee Director Compensation Policy as amended June 15, 2020 (filed as Exhibit 10.1 to the Registrant’s Quarterly Report on Form 10-Q, filed with the SEC on August 10, 2020, and incorporated by reference herein).</td>
</tr>
<tr>
<td>10.12†</td>
<td>Executive Employment Agreement, dated October 30, 2019, by and between the Registrant and Mohammad Hirmand, M.D. (filed as Exhibit 10.3 to the Registrant’s Quarterly Report on Form 10-Q, filed with the SEC on November 4, 2019, and incorporated by reference herein).</td>
</tr>
<tr>
<td>10.13†</td>
<td>Executive Employment Agreement, dated February 15, 2020, by and between the Registrant and Siegfried Reich, Ph.D. (filed as Exhibit 10.14 to the Registrant’s Annual Report on Form 10-K, filed with the SEC on March 18, 2020, and incorporated by reference herein).</td>
</tr>
<tr>
<td>10.14†</td>
<td>Turning Point Therapeutics, Inc. Severance Benefit Plan, as amended (C-Suite) February 15, 2020 (filed as Exhibit 10.15 to the Registrant’s Annual Report on Form 10-K, filed with the SEC on March 18, 2020, and incorporated by reference herein).</td>
</tr>
<tr>
<td>10.15†</td>
<td>Transition Separation and Consulting Agreement, dated January 9, 2020, by and between Registrant and Jingrong Jean Cui, Ph.D. (filed as Exhibit 10.1 to the Registrant’s Current Report on Form 8-K, filed with the SEC on January 9, 2020, and incorporated by reference herein).</td>
</tr>
<tr>
<td>10.16†</td>
<td>Executive Employment Agreement, dated June 26, 2020, by and between the Registrant and Andrew Partridge (filed as Exhibit 10.2 to the Registrant’s Quarterly Report on Form 10-Q, filed with the SEC on August 10, 2020, and incorporated by reference herein).</td>
</tr>
<tr>
<td>10.17†</td>
<td>Forms of Restricted Stock Unit Grant Notice and Restricted Stock Unit Award Agreement under the Turning Point Therapeutics, Inc. 2019 Equity Incentive Plan (filed as Exhibit 10.3 to the Registrant’s Quarterly Report on Form 10-Q, filed with the SEC on August 10, 2020, and incorporated by reference herein).</td>
</tr>
<tr>
<td>10.18*</td>
<td>License Agreement, dated June 7, 2020, by and between the Registrant and Zai Lab (Shanghai) Co., Ltd. (filed as Exhibit 10.4 to the Registrant’s Quarterly Report on Form 10-Q, filed with the SEC on August 10, 2020, and incorporated by reference herein).</td>
</tr>
<tr>
<td>10.19</td>
<td>Open Market Sale AgreementSM, dated August 10, 2020, by and between the Registrant and Jefferies LLC (filed as Exhibit 1.1 to the Registrant’s Current Report on Form 8-K, filed with the SEC on August 10, 2020, and incorporated by reference herein).</td>
</tr>
<tr>
<td>10.20*</td>
<td>License Agreement, dated January 10, 2021, by and between the Registrant and Zai Lab (Shanghai) Co., Ltd.</td>
</tr>
<tr>
<td>10.21</td>
<td>Assignment and Assumption of Lease Agreement, dated February 11, 2021, by and between the Registrant and Regulus Therapeutics, Inc. (filed as Exhibit 10.1 to the Registrant’s Current Report on Form 8-K, filed with the SEC on February 17, 2021, and incorporated by reference herein).</td>
</tr>
<tr>
<td>23.1</td>
<td>Consent of Independent Registered Public Accounting Firm.</td>
</tr>
<tr>
<td>24.1</td>
<td>Power of Attorney (see signature page).</td>
</tr>
<tr>
<td>31.1</td>
<td>Certification of Principal Executive Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</td>
</tr>
<tr>
<td>31.2</td>
<td>Certification of Principal Financial Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</td>
</tr>
<tr>
<td>32.1**</td>
<td>Certification of Principal Executive Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</td>
</tr>
<tr>
<td>32.2**</td>
<td>Certification of Principal Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</td>
</tr>
<tr>
<td>101.INS</td>
<td>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.</td>
</tr>
</tbody>
</table>
Item 16. Form 10-K Summary

None

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

TURNING POINT THERAPEUTICS, INC.

Date: March 1, 2021

By: /s/ Athena Countouriotis
Athena Countouriotis, M.D.
Chief Executive Officer

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Athena Countouriotis, M.D. and Yi Larson, and each of them, as his or her true and lawful attorneys-in-fact, each with full power of substitution, for him or her in any and all capacities, to sign any amendments to this Annual Report on Form 10-K and to file the same, with exhibits thereto and other documents in connection therewith, with the SEC, hereby ratifying and confirming all that each of said attorneys-in-fact or their substitute or substitutes may do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, this Annual Report has been signed below by the following persons on behalf of the Registrant in the capacities and on the dates indicated.

<table>
<thead>
<tr>
<th>Signature</th>
<th>Title</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Athena Countouriotis</td>
<td>Chief Executive Officer</td>
<td>March 1, 2021</td>
</tr>
<tr>
<td>Yi Larson</td>
<td>Chief Financial Officer</td>
<td>March 1, 2021</td>
</tr>
<tr>
<td>Brian Baker</td>
<td>SVP, Finance and Administration</td>
<td>March 1, 2021</td>
</tr>
<tr>
<td>Sheila Gujrathi</td>
<td>Chair of the Board of Directors</td>
<td>March 1, 2021</td>
</tr>
<tr>
<td>Jacob M. Chacko</td>
<td>Member of the Board of Directors</td>
<td>March 1, 2021</td>
</tr>
<tr>
<td>Carol Gallagher</td>
<td>Member of the Board of Directors</td>
<td>March 1, 2021</td>
</tr>
<tr>
<td>Simeon George</td>
<td>Member of the Board of Directors</td>
<td>March 1, 2021</td>
</tr>
<tr>
<td>Patrick Machado</td>
<td>Member of the Board of Directors</td>
<td>March 1, 2021</td>
</tr>
<tr>
<td>Garry Nicholson</td>
<td>Member of the Board of Directors</td>
<td>March 1, 2021</td>
</tr>
<tr>
<td>Section</td>
<td>Page</td>
<td></td>
</tr>
<tr>
<td>------------------------------------------------------------------------</td>
<td>------</td>
<td></td>
</tr>
<tr>
<td>Report of Independent Registered Public Accounting Firm</td>
<td>108</td>
<td></td>
</tr>
<tr>
<td>Balance Sheets</td>
<td>110</td>
<td></td>
</tr>
<tr>
<td>Statements of Operations and Comprehensive Loss</td>
<td>111</td>
<td></td>
</tr>
<tr>
<td>Statements of Changes in Convertible Preferred Stock and Stockholders' Equity/(Deficit)</td>
<td>112</td>
<td></td>
</tr>
<tr>
<td>Statements of Cash Flows</td>
<td>113</td>
<td></td>
</tr>
<tr>
<td>Notes to Financial Statements</td>
<td>114</td>
<td></td>
</tr>
</tbody>
</table>
To the Stockholders and the Board of Directors of Turning Point Therapeutics, Inc.

Opinion on the Financial Statements

We have audited the accompanying balance sheets of Turning Point Therapeutics, Inc. (the Company) as of December 31, 2020 and 2019, the related statements of operations and comprehensive loss, changes in convertible preferred stock and stockholders' equity (deficit) and cash flows for each of the three years in the period ended December 31, 2020, and the related notes (collectively referred to as the “financial statements”). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2020 and 2019, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2020, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company’s internal control over financial reporting as of December 31, 2020, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework), and our report dated March 1, 2021 expressed an unqualified opinion thereon.

Basis for Opinion

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

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

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current period audit of the financial statements that was communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective or complex judgments. The communication of the critical audit matter does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Clinical Trial Costs and Accruals

During 2020, the Company incurred $113.4 million for research and development expense and as of December 31, 2020, the Company accrued $8.5 million for research and development expenses, which includes clinical trial costs and accruals. As described in Note 2 of the financial statements, the Company records accruals for estimated costs of research and development activities that include contract services for clinical trials. The Company records the estimated costs of research and development activities based upon the estimated amount of services provided but not yet invoiced. Clinical trial activities performed by third parties are accrued and expensed based upon estimates of the proportion of work completed over the life of the individual clinical trial and patient enrollment rates in accordance with agreements established with contract research organizations (“CROs”) and clinical trial sites. Estimates are determined by reviewing contracts, vendor agreements and purchase orders, and through discussions with internal clinical personnel and external service providers as to the progress or stage of completion of trials or services and the agreed-upon fee to be paid for such services.

Auditing management’s accounting for clinical trial costs and accruals is especially challenging as evaluating the progress or stage of completion of the activities under the Company’s research and development agreements is dependent upon a high volume of data from third-party service providers and internal clinical personnel, which is tracked in spreadsheets and other end user computing programs.
How We Addressed the Matter in Our Audit

We obtained an understanding, evaluated the design and tested the operating effectiveness of controls over the accounting for clinical trial costs and accruals. This included management's assessment of the assumptions and data underlying the clinical trial costs and accruals estimate.

To test the completeness of the Company’s clinical trial costs and accruals, among other procedures, we obtained supporting evidence of the research and development activities performed for significant clinical trials. We attended internal clinical trial and project status meetings with accounting and clinical project managers to corroborate the status of significant research and development activities. To verify the appropriate measurement of clinical trial costs and accruals, we compared the costs for a sample of transactions against the related invoices and contracts, confirmed amounts incurred to-date with third-party service providers, and performed lookback analyses. We also examined a sample of subsequent payments to evaluate the completeness of the clinical trial costs and accruals.

/s/ Ernst & Young LLP

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

San Diego, California
March 1, 2021
TURNING POINT THERAPEUTICS, INC.

BALANCE SHEETS
(In thousands except share and par value amounts)

<table>
<thead>
<tr>
<th></th>
<th>December 31, 2020</th>
<th>December 31, 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Assets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current assets:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>$554,101</td>
<td>$48,188</td>
</tr>
<tr>
<td>Marketable securities</td>
<td>568,407</td>
<td>360,963</td>
</tr>
<tr>
<td>Prepaid and other current assets</td>
<td>8,171</td>
<td>5,796</td>
</tr>
<tr>
<td>Total current assets</td>
<td>$1,130,679</td>
<td>414,947</td>
</tr>
<tr>
<td>Property and equipment, net</td>
<td>2,604</td>
<td>2,689</td>
</tr>
<tr>
<td>Right-of-use lease assets</td>
<td>3,357</td>
<td>4,493</td>
</tr>
<tr>
<td>Other assets</td>
<td>73</td>
<td>73</td>
</tr>
<tr>
<td>Total assets</td>
<td>$1,136,713</td>
<td>$422,202</td>
</tr>
<tr>
<td>Liabilities and stockholders’ equity</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Liabilities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current liabilities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts payable</td>
<td>$5,225</td>
<td>$2,150</td>
</tr>
<tr>
<td>Accrued expenses and other current liabilities</td>
<td>9,183</td>
<td>3,910</td>
</tr>
<tr>
<td>Accrued compensation</td>
<td>8,588</td>
<td>6,736</td>
</tr>
<tr>
<td>Current portion of operating lease liabilities</td>
<td>1,396</td>
<td>1,236</td>
</tr>
<tr>
<td>Total current liabilities</td>
<td>24,392</td>
<td>14,032</td>
</tr>
<tr>
<td>Operating lease liabilities, long-term</td>
<td>2,423</td>
<td>3,819</td>
</tr>
<tr>
<td>Commitments and contingencies (Note 8)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Stockholders’ equity:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Preferred stock, $0.0001 par value; 10,000,000 shares authorized at December 31, 2020 and December 31, 2019, zero shares outstanding at December 31, 2020 and December 31, 2019</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Common stock, $0.0001 par value; 200,000,000 shares authorized at December 31, 2020 and December 31, 2019; 48,678,540 and 35,915,119 shares issued and outstanding at December 31, 2020 and December 31, 2019, respectively</td>
<td>5</td>
<td>4</td>
</tr>
<tr>
<td>Additional paid-in capital</td>
<td>1,389,860</td>
<td>526,960</td>
</tr>
<tr>
<td>Accumulated other comprehensive income</td>
<td>209</td>
<td>271</td>
</tr>
<tr>
<td>Accumulated deficit</td>
<td>(280,176)</td>
<td>(122,884)</td>
</tr>
<tr>
<td>Total stockholders’ equity</td>
<td>1,109,888</td>
<td>404,351</td>
</tr>
<tr>
<td>Total liabilities and stockholders’ equity</td>
<td>$1,136,713</td>
<td>$422,202</td>
</tr>
</tbody>
</table>

See accompanying notes.
## Statements of Operations and Comprehensive Loss

*(In thousands, except share and per share amounts)*

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue</strong></td>
<td>$25,000</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Operating expenses:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Research and development</td>
<td>113,411</td>
<td>57,943</td>
<td>$21,062</td>
</tr>
<tr>
<td>General and administrative</td>
<td>73,425</td>
<td>19,781</td>
<td>4,578</td>
</tr>
<tr>
<td><strong>Total operating expenses</strong></td>
<td>186,836</td>
<td>77,724</td>
<td>25,640</td>
</tr>
<tr>
<td><strong>Loss from operations</strong></td>
<td>(161,836)</td>
<td>(77,724)</td>
<td>(25,640)</td>
</tr>
<tr>
<td><strong>Other income, net</strong></td>
<td>4,544</td>
<td>5,593</td>
<td>855</td>
</tr>
<tr>
<td><strong>Net loss</strong></td>
<td>(157,292)</td>
<td>(72,131)</td>
<td>(24,785)</td>
</tr>
<tr>
<td>Unrealized gain (loss) on marketable securities, net of tax</td>
<td>(62)</td>
<td>271</td>
<td>-</td>
</tr>
<tr>
<td><strong>Comprehensive loss</strong></td>
<td>$ (157,354)</td>
<td>$ (71,860)</td>
<td>$ (24,785)</td>
</tr>
<tr>
<td><strong>Net loss per share, basic and diluted</strong></td>
<td>$(3.85)</td>
<td>$(2.99)</td>
<td>$(7.31)</td>
</tr>
<tr>
<td>Weighted-average common shares outstanding, basic and diluted</td>
<td>40,843,782</td>
<td>24,124,924</td>
<td>3,388,586</td>
</tr>
</tbody>
</table>

*See accompanying notes.*
## TURNING POINT THERAPEUTICS, INC.

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

(In thousands, except share amounts)

<table>
<thead>
<tr>
<th></th>
<th>Convertible Preferred Stock</th>
<th>Common Stock</th>
<th>Additional Paid-In Capital</th>
<th>Accumulated Other Comprehensive Income (Loss)</th>
<th>Accumulated Deficit</th>
<th>Total Stockholders’ Equity (Deficit)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Shares</td>
<td>Amount</td>
<td>Shares</td>
<td>Amount</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td><strong>Balance at December 31, 2017</strong></td>
<td>39,135,778</td>
<td>$66,161</td>
<td>3,367,742</td>
<td>$1</td>
<td>1</td>
<td>$1,123</td>
</tr>
<tr>
<td><strong>Issuance of Series D convertible preferred stock, net of issuance costs</strong></td>
<td>26,288,123</td>
<td>79,755</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Option exercises</strong></td>
<td>-</td>
<td>-</td>
<td>43,774</td>
<td>-</td>
<td>-</td>
<td>76</td>
</tr>
<tr>
<td><strong>Stock-based compensation expense</strong></td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>1,147</td>
</tr>
<tr>
<td><strong>Net loss</strong></td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Balance at December 31, 2018</strong></td>
<td>65,423,901</td>
<td>145,916</td>
<td>3,411,516</td>
<td>1</td>
<td>2,346</td>
<td>-</td>
</tr>
<tr>
<td><strong>Issuance of common stock in connection with a public offerings, net of underwriting discounts, commissions, and offering costs</strong></td>
<td>-</td>
<td>-</td>
<td>15,137,500</td>
<td>1</td>
<td>364,655</td>
<td>-</td>
</tr>
<tr>
<td><strong>Conversion of preferred stock into common stock</strong></td>
<td>(65,423,901)</td>
<td>(145,916)</td>
<td>16,993,194</td>
<td>2</td>
<td>145,914</td>
<td>-</td>
</tr>
<tr>
<td><strong>Option exercises</strong></td>
<td>-</td>
<td>-</td>
<td>362,275</td>
<td>-</td>
<td>-</td>
<td>1,008</td>
</tr>
<tr>
<td><strong>Shares issued under employee stock purchase plan</strong></td>
<td>-</td>
<td>-</td>
<td>10,634</td>
<td>-</td>
<td>-</td>
<td>331</td>
</tr>
<tr>
<td><strong>Stock-based compensation expense</strong></td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>12,706</td>
</tr>
<tr>
<td><strong>Net loss</strong></td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Other comprehensive income</strong></td>
<td>-</td>
<td>-</td>
<td>10,634</td>
<td>-</td>
<td>-</td>
<td>271</td>
</tr>
<tr>
<td><strong>Balance at December 31, 2019</strong></td>
<td>(65,423,901)</td>
<td>(145,916)</td>
<td>35,915,184</td>
<td>4</td>
<td>526,968</td>
<td>271</td>
</tr>
<tr>
<td><strong>Issuance of common stock in connection with a public offerings, net of underwriting discounts, commissions, and offering costs</strong></td>
<td>-</td>
<td>-</td>
<td>11,516,524</td>
<td>1</td>
<td>785,468</td>
<td>-</td>
</tr>
<tr>
<td><strong>Option exercises</strong></td>
<td>-</td>
<td>-</td>
<td>1,218,410</td>
<td>-</td>
<td>-</td>
<td>12,237</td>
</tr>
<tr>
<td><strong>Shares issued under employee stock purchase plan</strong></td>
<td>-</td>
<td>-</td>
<td>28,487</td>
<td>-</td>
<td>-</td>
<td>1,032</td>
</tr>
<tr>
<td><strong>Stock-based compensation expense</strong></td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>64,163</td>
</tr>
<tr>
<td><strong>Net loss</strong></td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Other comprehensive loss</strong></td>
<td>-</td>
<td>-</td>
<td>3,411,516</td>
<td>1</td>
<td>1,008</td>
<td>-</td>
</tr>
<tr>
<td><strong>Balance at December 31, 2020</strong></td>
<td>48,678,540</td>
<td>$1,889,860</td>
<td>$209</td>
<td>$280,176</td>
<td>$1,189,836</td>
<td></td>
</tr>
</tbody>
</table>

See accompanying notes.
<table>
<thead>
<tr>
<th>Operating activities</th>
<th>2020</th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net loss</td>
<td>(157,292)</td>
<td>(72,131)</td>
<td>(24,785)</td>
</tr>
<tr>
<td>Adjustments to reconcile net loss to net cash used in operating activities:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Stock-based compensation expense</td>
<td>64,163</td>
<td>12,706</td>
<td>1,147</td>
</tr>
<tr>
<td>Depreciation</td>
<td>875</td>
<td>492</td>
<td>138</td>
</tr>
<tr>
<td>Accretion of premium (discount) on marketable securities</td>
<td>1,261</td>
<td>(1,357)</td>
<td>–</td>
</tr>
<tr>
<td>Amortization of right-of-use operating lease asset</td>
<td>1,518</td>
<td>1,087</td>
<td>–</td>
</tr>
<tr>
<td>Changes in operating assets and liabilities:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Prepaid expenses and other current assets</td>
<td>(2,374)</td>
<td>(5,302)</td>
<td>53</td>
</tr>
<tr>
<td>Accounts payable</td>
<td>3,549</td>
<td>903</td>
<td>(119)</td>
</tr>
<tr>
<td>Accrued expenses and other current liabilities</td>
<td>3,655</td>
<td>522</td>
<td>(945)</td>
</tr>
<tr>
<td>Accrued compensation</td>
<td>1,852</td>
<td>5,323</td>
<td>978</td>
</tr>
<tr>
<td>Net cash used in operating activities</td>
<td>(82,793)</td>
<td>(57,757)</td>
<td>(23,533)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Investing activities</th>
<th>2020</th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Purchases of marketable securities</td>
<td>(618,973)</td>
<td>(432,173)</td>
<td>–</td>
</tr>
<tr>
<td>Sales and maturities of marketable securities</td>
<td>410,205</td>
<td>72,838</td>
<td>–</td>
</tr>
<tr>
<td>Purchases of property and equipment</td>
<td>(1,264)</td>
<td>(1,744)</td>
<td>(302)</td>
</tr>
<tr>
<td>Net cash used in investing activities</td>
<td>(210,032)</td>
<td>(361,079)</td>
<td>(302)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Financing activities</th>
<th>2020</th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Proceeds from issuance of common stock in initial public offering, net</td>
<td>–</td>
<td>175,151</td>
<td>–</td>
</tr>
<tr>
<td>Proceeds from issuance of common stock in public offerings, net of offering costs</td>
<td>785,469</td>
<td>189,505</td>
<td>–</td>
</tr>
<tr>
<td>Proceeds from issuance of convertible preferred stock, net of issuance costs</td>
<td>–</td>
<td>–</td>
<td>79,755</td>
</tr>
<tr>
<td>Proceeds from issuance of common stock under equity incentive plans</td>
<td>13,269</td>
<td>1,339</td>
<td>76</td>
</tr>
<tr>
<td>Net cash provided by financing activities</td>
<td>798,738</td>
<td>365,995</td>
<td>79,831</td>
</tr>
</tbody>
</table>

Net increase (decrease) in cash and cash equivalents: 505,913  (52,841)  55,996
Cash and cash equivalents at the beginning of period: 48,188  101,029  45,033
Cash and cash equivalents at the end of period: 554,101  48,188  101,029

Supplemental disclosure of cash flow information:
Cash paid for income taxes: 1  1  1
Supplemental disclosure of non-cash investing and financing information:
Purchases of property and equipment in accounts payable: 490  490
Costs incurred in connection with a public offering included in accounts payable and accrued expenses: 684  684
Capitalized value of tenant improvement allowance: 583  583
Operating lease liabilities arising from obtaining right-of-use assets: 5,554  5,554

See accompanying notes.
1. Formation and Business of the Company

**Organization**

Turning Point Therapeutics, Inc. (the Company) was organized in October 2013, and commenced operations in 2014. The Company is clinical-stage precision oncology biopharmaceutical company designing and developing novel small molecule, targeted oncology therapies. The Company’s principal operations are in the United States and the Company operates in one segment, with its headquarters in San Diego, California.

The Company’s primary activities since inception have been to build infrastructure, conduct research and development, including clinical trials, perform business and financial planning, and raise capital.

**Public Offerings**

In May 2020, the Company completed a public offering under which it sold 6,229,167 shares of common stock at an offering price of $60.00 per share. The net proceeds from this offering, after deducting underwriting discounts, commissions, and offering costs, were $351.6 million.

In October 2020, the Company completed a public offering under which it sold 5,287,357 shares of common stock at an offering price of $87.00 per share. The net proceeds from this offering, after deducting underwriting discounts, commissions, and offering costs, were approximately $433.9 million.

**Liquidity**

Management evaluates whether there are relevant conditions and events that in aggregate raise substantial doubt about the entity’s ability to continue as a going concern and to meet its obligations as they become due within one year from the date that the financial statements are issued.

The Company’s activities are subject to significant risks and uncertainties, including concentration on the Company’s lead development program, which has significant competition from cancer therapies in development by other companies or already approved for sale by the U.S. Food and Drug Administration.

The Company is subject to risks and uncertainties common to early-stage companies in the biotechnology industry, including, but not limited to, development by competitors of new technological innovations, dependence on key personnel, protection of proprietary technology, compliance with government regulations and the ability to secure additional capital to fund operations. Drug candidates currently under development will require significant additional research and development efforts, including extensive preclinical and clinical testing and regulatory approval prior to commercialization. These efforts require significant amounts of additional capital, adequate personnel and infrastructure and extensive compliance-reporting capabilities. Even if the Company’s drug development efforts are successful, it is uncertain when, if ever, the Company will realize significant revenue from product sales.

2. Summary of Significant Accounting Policies

**Revenue**

The Company recognizes revenue in accordance with Accounting Standards Codification (ASC) Topic 606, Revenue From Contracts With Customers (ASC 606). Under ASC 606, an entity recognizes revenue when its customer obtains control of promised goods or services, in an amount that reflects the consideration that the entity expects to receive in exchange for those goods or services. To determine revenue recognition for arrangements within the scope of ASC 606, the entity performs the following five steps: (i) identify the contract(s) with a customer; (ii) identify the performance obligations in the contract; (iii) determine the transaction price, including variable consideration, if any; (iv) allocate the transaction price to the performance obligations in the contract; and (v) recognize revenue when (or as) the entity satisfies a performance obligation. The Company only applies the five-step model to contracts when it is probable that the entity will collect the consideration to which it is entitled in exchange for the goods or services it transfers to the customer.

The Company assesses the goods or services promised within each contract and determines those that are performance obligations. Arrangements that include rights to additional goods or services that are exercisable at a customer’s discretion are generally considered options. The Company assesses if these options provide a material right to the customer and if so, they are considered performance obligations.
The Company assesses whether each promised good or service is distinct for the purpose of identifying the performance obligations in the contract. This assessment involves subjective determinations and requires management to make judgments about the individual promised goods or services and whether such are separable from the other aspects of the contractual relationship. Promised goods and services are considered distinct provided that: (i) the customer can benefit from the good or service either on its own or together with other resources that are readily available to the customer (that is, the good or service is capable of being distinct) and (ii) the entity’s promise to transfer the good or service to the customer is separately identifiable from other promises in the contract (that is, the promise to transfer the good or service is distinct within the context of the contract). In assessing whether a promised good or service is distinct, the Company considers factors such as the research, manufacturing and commercialization capabilities of the collaboration partner and the availability of the associated expertise in the general marketplace. The Company also considers the intended benefit of the contract in assessing whether a promised good or service is separately identifiable from other promises in the contract. If a promised good or service is not distinct, an entity is required to combine that good or service with other promised goods or services until it identifies a bundle of goods or services that is distinct.

The transaction price is then determined and allocated to the identified performance obligations in proportion to their standalone selling prices (SSP) on a relative SSP basis. SSP is determined at contract inception and is not updated to reflect changes between contract inception and when the performance obligations are satisfied. Determining the SSP for performance obligations requires significant judgment. In developing the SSP for a performance obligation, the Company considers applicable market conditions and relevant entity-specific factors, including factors that were contemplated in negotiating the agreement with the customer and estimated costs.

If the consideration promised in a contract includes a variable amount, the Company estimates the amount of consideration to which it will be entitled in exchange for transferring the promised goods or services to a customer. The Company determines the amount of variable consideration by using the expected value method or the most likely amount method. The Company includes the unconstrained amount of estimated variable consideration in the transaction price. The amount included in the transaction price is constrained to the amount for which it is probable that a significant reversal of cumulative revenue recognized will not occur. At the end of each subsequent reporting period, the Company re-evaluates the estimated variable consideration included in the transaction price and any related constraint, and if necessary, adjusts its estimate of the overall transaction price. Any such adjustments are recorded on a cumulative catch-up basis in the period of adjustment.

If an arrangement includes development and regulatory milestone payments, the Company evaluates whether the milestones are considered probable of being reached and estimates the amount to be included in the transaction price using the most likely amount method. If it is probable that a significant revenue reversal would not occur, the associated milestone value is included in the transaction price. Milestone payments that are not within the Company’s control or the licensee’s control, such as regulatory approvals, are generally not considered probable of being achieved until those approvals are received.

For arrangements with licenses of intellectual property that include sales-based royalties, including milestone payments based on the level of sales, and the license is deemed to be the predominant item to which the royalties relate, the Company recognizes royalty revenue and sales-based milestones at the later of (i) when the related sales occur, or (ii) when the performance obligation to which the royalty has been allocated has been satisfied.

In determining the transaction price, the Company adjusts consideration for the effects of the time value of money if the timing of payments provides the Company with a significant benefit of financing. The Company does not assess whether a contract has a significant financing component if the expectation at contract inception is such that the period between payment by the licensees and the transfer of the promised goods or services to the licensees will be one year or less.

The Company then recognizes as revenue the amount of the transaction price that is allocated to the respective performance obligation when (or as) each performance obligation is satisfied, either at a point in time or over time, and if over time, recognition is based on the use of an output or input method.
Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that impact the reported amounts of assets, liabilities and expenses and the disclosure of contingent liabilities in the Company’s financial statements and accompanying notes. The most significant estimates in the Company’s financial statements relate to determining the SSP of performance obligations associated with license arrangements, preclinical and clinical trial costs and accruals and stock-based compensation costs. Management bases its estimates on historical experience and on various other market-specific and relevant assumptions that management believes to be reasonable under the circumstances. Although these estimates are based on the Company’s knowledge of current events and actions it may undertake in the future, actual results may ultimately materially differ from these estimates and assumptions. Although the impact of the COVID-19 pandemic to the Company’s business and operating results presents additional uncertainty, the Company continues to use the best information available to update its critical accounting estimates.

Cash and Cash Equivalents

The Company considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. As of December 31, 2020 and 2019, cash equivalents consisted of checking, savings, and money market balances. The Company places its cash and cash equivalents with high credit quality financial institutions. All of the Company’s cash and cash equivalent balances are maintained at two financial institutions domiciled in the United States.

Marketable securities

The Company classifies all marketable securities as available for sale, as the sale of such securities may be required prior to maturity. These marketable securities are carried at fair value, with unrealized gains and losses reported as accumulated other comprehensive income (loss) until realized. The cost of debt securities is adjusted for amortization of premiums and accretion of discounts to maturity. Such amortization and accretion, as well as interest and dividends, are included in interest income. Realized gains and losses from the sale of available for sale securities, if any, are determined on a specific identification basis and are also included in interest income. The Company’s marketable securities are classified as current assets, even though the stated maturity date may be one year or more beyond the current balance sheet date, which reflects management’s intention to use the proceeds from sales of these securities to fund its operations, as necessary.

Allowance for Credit Losses

The Company segments its portfolio based on the underlying risk profiles of their current securities being held. The Company regularly reviews the securities in an unrealized loss position and evaluates the current expected credit loss by considering factors such as historical experience, market data, issuer-specific factors, current and expected future economic conditions. As of December 31, 2020, the Company did not record an allowance for credit loss related to its investment portfolio.

Fair Value of Financial Instruments

The carrying amounts of certain of the Company’s financial instruments, including cash, cash equivalents and marketable securities, prepaid expenses and other current assets, accounts payable, and accrued liabilities, approximate fair value due to the short-term nature of these items.

Concentration of Credit Risk

Substantially all of the Company’s cash, cash equivalents, and marketable securities are held at two financial institutions. Due to the financial strength of the depository institutions, the Company believes these financial institutions represent minimal credit risk. Cash amounts held at financial institutions are insured by the Federal Deposit Insurance Corporation (FDIC) up to $250,000. At December 31, 2020, cash and cash equivalents and marketable securities totaling $1,122.3 million are either not subject to FDIC insurance, or exceed the FDIC insured limit. The Company’s cash and cash equivalents and marketable securities are invested in short term, high grade securities, and as a result, the Company believes represent a minimal credit risk.

Property and Equipment

Property and equipment are stated at cost less accumulated depreciation. Depreciation is calculated using the straight-line method over the estimated useful life of the assets, which ranges between three to seven years. Tenant improvements are stated at cost and depreciated over the shorter of the estimated useful life or the remaining life of the lease at the time the asset is placed into service.
Impairment of Long-Lived Assets

The Company reviews long-lived assets, including property and equipment, for impairment whenever events or changes in business circumstances indicate that the carrying amount of the assets may not be fully recoverable. An impairment loss would be recognized when estimated undiscounted future cash flows expected to result from the use of an asset are less than its carrying amount. The impairment loss would be based on the excess of the carrying value of the impaired asset over its respective fair value. The Company has not recognized any impairment losses during the years ended December 31, 2020, 2019 and 2018.

Intellectual Property

The legal and professional costs incurred by the Company to maintain its patent rights have been expensed as part of general and administrative expenses since inception. As of December 31, 2020 and 2019, the Company has determined that these expenses have not met the criteria to be capitalized.

General and Administrative Expenses

General and administrative expenses consist primarily of salaries and related costs, including stock-based compensation, for personnel in executive, finance and administrative functions. General and administrative expenses also include direct and allocated facility-related costs as well as professional fees for legal, consulting, accounting and audit services.

Clinical Trial Costs and Accruals

A significant portion of the Company’s clinical trial costs relate to contracts with contract research organizations (CROs). The financial terms of the Company’s CRO contracts may result in payment flows that do not match the periods over which materials or services are provided to the Company under such contracts. The Company’s objective is to reflect the appropriate clinical trial expenses in the Company’s financial statements by matching those expenses with the period in which services and efforts are expended. As part of the process of preparing the Company’s financial statements, the Company evaluates cost information provided by the Company’s CROs concerning estimated monthly expenses for services rendered and unbilled obligations as the sponsor of the Company’s clinical trials. Accordingly, the Company’s clinical trial accrual is dependent upon the timely and accurate reporting of CROs and other third-party vendors, and the Company’s ability to accurately estimate any unbilled obligations. If the contracted amounts are modified, for instance, as a result of changes in the clinical trial protocol or scope of work to be performed, the Company’s modifies its accruals accordingly on a prospective basis. Revisions in the scope of a contract are charged to research and development expense in the period in which the facts that give rise to the revision become reasonably certain.

Research and Development Expenses

Research and development costs are expensed as incurred. These costs consist primarily of salaries and other personnel-related expenses, including stock-based compensation; facility-related expenses; depreciation of facilities and equipment; laboratory consumables; and services performed by clinical research organizations, research institutions, and other outside service providers.

The Company recorded the estimated costs of research and development activities based upon the estimated amount of services provided but not yet invoiced and include these costs in accrued expenses and other current liabilities in the balance sheet and within research and development expense in the statement of operations and comprehensive loss. As actual costs become known, the Company will adjust its accrued expenses and other current liabilities.

Income Taxes

Deferred tax assets and liabilities are determined based on the differences between the financial reporting and tax basis of assets and liabilities using enacted tax rates which will be in effect when the differences reverse. The Company provides a valuation allowance against net deferred tax assets unless, based upon the available evidence, it is more likely than not that the deferred tax asset will be realized.

The Company follows the provisions of the Income Taxes Topic of the Financial Accounting Standards Board (FASB) Accounting Standards Codification that defines a recognition threshold and measurement attributes for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. Under the Income Taxes Topic, the impact of an uncertain income tax position on the income tax return must be recognized at the largest amount that is more-likely-than-not to be sustained upon audit by the relevant taxing authority. An uncertain income tax position will not be recognized if it has less than a 50% likelihood of being sustained.
For purposes of calculating stock-based compensation expense, the Company estimates the fair value of stock options issued using a Black-Scholes option-pricing model. The determination of the fair value of stock-based payment awards utilizing the Black-Scholes model is affected by the Company’s stock price and a number of assumptions, including expected volatility, expected life, risk-free interest rate and expected dividends.

**Expected Term**—The Company uses the “simplified method” for estimating the expected term of employee options, whereby the expected term equals the arithmetic average of the vesting term and the original contractual term of the option (generally 10 years).

**Expected Volatility**—Due to the Company’s limited operating history and a lack of company specific historical and implied volatility data, the Company estimates expected volatility based on the historical volatility of a group of similar companies that are publicly traded. The historical volatility data was computed using the daily closing prices for the selected companies’ shares during the equivalent period of the calculated expected term of the stock-based awards.

**Risk-Free Interest Rate**—The risk-free rate assumption is based on the U.S. Treasury instruments with maturities similar to the expected term of the stock options.

**Expected Dividend**—The Company has not issued any dividends and does not expect to issue dividends over the life of the options. As a result, the Company has estimated the dividend yield to be zero.

The estimated fair value of stock options granted to employees and non-employee service providers are expensed over the requisite service period (generally the vesting term) on a straight-line basis, net of actual forfeitures during the period.

**Net Loss Per Share**

The Company computes basic loss per share by dividing the net loss available to common stockholders by the weighted average number of common shares outstanding for the period, without consideration for common stock equivalents. Diluted net loss assumes the conversion, exercise or issuance of all potential common stock equivalents, unless the effect of inclusion would be anti-dilutive. For purposes of this calculation, common stock equivalents include the Company’s stock options and restricted stock units. The Company excluded stock options to purchase common stock, restricted stock units and convertible preferred stock, which is convertible into shares of the Company’s common stock from the number of shares used to calculate diluted shares outstanding because the inclusion of these potentially dilutive securities would have been antidilutive.

### Historical outstanding anti-dilutive securities not included in the diluted net loss per share calculation include the following:

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Convertible preferred stock (as converted)</td>
<td>-</td>
<td>-</td>
<td>16,993,194</td>
</tr>
<tr>
<td>Common stock options</td>
<td>5,790,713</td>
<td>5,254,269</td>
<td>3,597,638</td>
</tr>
<tr>
<td>RSUs</td>
<td>21,500</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>5,812,213</td>
<td>5,254,269</td>
<td>20,590,832</td>
</tr>
</tbody>
</table>

**Recently Adopted Accounting Standards Updates**

In June 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-13, *Financial Instruments – Credit Losses*, which changes the accounting for recognizing impairments of financial assets. Under the new guidance, credit losses for certain types of financial instruments will be estimated based on expected losses. The new guidance also modifies the impairment models for available for sale debt securities and for purchased financial assets with credit deterioration since their origination. The Company adopted ASU 2016-13 on January 1, 2020, using a modified retrospective transition method, which requires a cumulative-effect adjustment, if any, to the opening balance of accumulated deficit to be recognized on the date of adoption with prior periods not restated. The adoption of this standard did not have a material impact to the Company’s financial position, results of operations and cash flows.

In August 2018, the FASB issued ASU No. 2018-13, *Fair Value Measurement: Disclosure Framework – Changes to the Disclosure Requirements for Fair Value Measurement*, which adds and modifies certain disclosure requirements for fair value measurements. Under the new guidance, entities are no longer be required to disclose the amount of and reasons for transfers between Level 1 and Level 2 of the fair value hierarchy, or valuation processes for Level 3 fair value measurements. However, public companies will be required to disclose the range and weighted average of significant unobservable inputs used to develop Level 3 fair value measurements, and related changes in unrealized gains and losses included in other
comprehensive income. The Company adopted the new standard beginning January 1, 2020 and the adoption had an immaterial impact to the Company’s financial position, results of operations and cash flows.

3. Marketable Securities

The Company invests its excess cash in marketable securities, including debt instruments of financial institutions, corporations with investment grade credit ratings, commercial paper and government agencies.

At December 31, 2020, marketable securities consisted of the following (in thousands):

<table>
<thead>
<tr>
<th>Maturity in Years</th>
<th>Amortized Cost</th>
<th>Unrealized</th>
<th>Unrealized</th>
<th>Fair Value</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Gains</td>
<td>Losses</td>
<td></td>
</tr>
<tr>
<td>U.S. Treasuries</td>
<td>113,662</td>
<td>19</td>
<td>(1)</td>
<td>113,680</td>
</tr>
<tr>
<td>U.S. Government agency securities</td>
<td>173,583</td>
<td>100</td>
<td>-</td>
<td>173,683</td>
</tr>
<tr>
<td>Corporate debt securities</td>
<td>169,189</td>
<td>103</td>
<td>(27)</td>
<td>169,265</td>
</tr>
<tr>
<td>Commercial paper</td>
<td>111,779</td>
<td>-</td>
<td>-</td>
<td>111,779</td>
</tr>
<tr>
<td>Total marketable securities</td>
<td>$ 568,213</td>
<td>$ 222</td>
<td>$ (28)</td>
<td>$ 568,407</td>
</tr>
</tbody>
</table>

The Company’s investments in corporate debt securities in an unrealized loss position at December 31, 2020 are of high credit quality (rated A or higher). Unrealized losses on these investments were primarily due to changes in interest rates. The Company does not intend to sell these investments and it is not more likely than not that the Company will be required to sell these investments before recovery of their amortized cost basis.

At December 31, 2019, marketable securities consisted of the following (in thousands):

<table>
<thead>
<tr>
<th>Maturity in Years</th>
<th>Amortized Cost</th>
<th>Unrealized</th>
<th>Unrealized</th>
<th>Fair Value</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Gains</td>
<td>Losses</td>
<td></td>
</tr>
<tr>
<td>U.S. Government agency securities</td>
<td>$ 90,596</td>
<td>$ 42</td>
<td>$ (20)</td>
<td>$ 90,618</td>
</tr>
<tr>
<td>Corporate debt securities</td>
<td>173,595</td>
<td>178</td>
<td>(21)</td>
<td>173,752</td>
</tr>
<tr>
<td>Commercial paper</td>
<td>96,501</td>
<td>92</td>
<td>-</td>
<td>96,593</td>
</tr>
<tr>
<td>Total marketable securities</td>
<td>$ 360,692</td>
<td>$ 312</td>
<td>$ (41)</td>
<td>$ 360,963</td>
</tr>
</tbody>
</table>
4. Fair Value Measurements

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants at the measurement date. Fair value should maximize the use of observable inputs and minimize the use of unobservable inputs. The Company determines the fair value of financial assets and liabilities using three levels of inputs as follows:

Level 1—Inputs which include quoted prices in active markets for identical assets or liabilities at the measurement date.

Level 2—Inputs (other than quoted market prices included in Level 1) that are either directly or indirectly observable, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the instrument’s anticipated life.

Level 3—Unobservable inputs for assets or liabilities and include little or no market activity.

A financial instrument’s categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement. The Company’s financial assets subject to fair value measurements on a recurring basis and the level of inputs used for such measurements were as follows (in thousands):

<table>
<thead>
<tr>
<th>Financial Instrument</th>
<th>Level 1</th>
<th>Level 2</th>
<th>Level 3</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Money market funds</td>
<td>$299,571</td>
<td>-</td>
<td>$</td>
<td>$299,571</td>
</tr>
<tr>
<td>U.S. Treasuries</td>
<td>113,680</td>
<td>-</td>
<td>-</td>
<td>113,680</td>
</tr>
<tr>
<td>U.S. Government agency securities</td>
<td>-</td>
<td>173,683</td>
<td>-</td>
<td>173,683</td>
</tr>
<tr>
<td>Corporate debt securities</td>
<td>-</td>
<td>180,718</td>
<td>-</td>
<td>180,718</td>
</tr>
<tr>
<td>Commercial paper</td>
<td>-</td>
<td>354,223</td>
<td>-</td>
<td>354,223</td>
</tr>
<tr>
<td><strong>Total cash equivalents and marketable securities</strong></td>
<td>$413,251</td>
<td>$708,624</td>
<td>-</td>
<td>$1,121,875</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Financial Instrument</th>
<th>Level 1</th>
<th>Level 2</th>
<th>Level 3</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Money market funds</td>
<td>$45,085</td>
<td>-</td>
<td>-</td>
<td>$45,085</td>
</tr>
<tr>
<td>U.S. Government agency securities</td>
<td>-</td>
<td>90,618</td>
<td>-</td>
<td>90,618</td>
</tr>
<tr>
<td>Corporate debt securities</td>
<td>-</td>
<td>173,752</td>
<td>-</td>
<td>173,752</td>
</tr>
<tr>
<td>Commercial paper</td>
<td>-</td>
<td>96,593</td>
<td>-</td>
<td>96,593</td>
</tr>
<tr>
<td><strong>Total cash equivalents and marketable securities</strong></td>
<td>$45,085</td>
<td>$360,963</td>
<td>-</td>
<td>$406,048</td>
</tr>
</tbody>
</table>

5. Property and Equipment, Net

Property and equipment, net consisted of the following (in thousands):

<table>
<thead>
<tr>
<th>Description</th>
<th>December 31, 2020</th>
<th>December 31, 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Laboratory equipment</td>
<td>$1,629</td>
<td>$885</td>
</tr>
<tr>
<td>Computer equipment and software</td>
<td>956</td>
<td>910</td>
</tr>
<tr>
<td>Tenant improvements</td>
<td>1,108</td>
<td>1,108</td>
</tr>
<tr>
<td>Furniture and fixtures</td>
<td>357</td>
<td>357</td>
</tr>
<tr>
<td>Property and equipment</td>
<td>4,050</td>
<td>3,260</td>
</tr>
<tr>
<td>Less: accumulated depreciation</td>
<td>(1,446)</td>
<td>(571)</td>
</tr>
<tr>
<td>Property and equipment, net</td>
<td>$2,604</td>
<td>$2,689</td>
</tr>
</tbody>
</table>

Depreciation expense for the years ended December 31, 2020, 2019 and 2018 was $0.9 million, $0.5 million and $0.1 million, respectively.
6. Accrued Expenses and Other Current Liabilities

Accrued expenses and other current liabilities consisted of the following (in thousands):

<table>
<thead>
<tr>
<th></th>
<th>December 31, 2020</th>
<th>December 31, 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accrued research and development expenses</td>
<td>$8,457</td>
<td>$3,414</td>
</tr>
<tr>
<td>Accrued general and administrative expenses</td>
<td>682</td>
<td>451</td>
</tr>
<tr>
<td>Other current liabilities</td>
<td>44</td>
<td>45</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$9,183</strong></td>
<td><strong>$3,910</strong></td>
</tr>
</tbody>
</table>

7. Zai Repotrectinib Agreement

Terms of Agreement

On July 6, 2020, the Company entered into a License Agreement (the Zai Repotrectinib Agreement) with Zai Lab (Shanghai) Co., Ltd. (Zai), pursuant to which the Company grants Zai exclusive rights to develop and commercialize products containing the Company’s drug candidate, repotrectinib (the Products), in Mainland China, Hong Kong, Macau and Taiwan (each, a region and collectively, the Territory). The Company retains exclusive rights to, among other things, develop, manufacture and commercialize the Products outside the Territory. The Company will supply or have supplied to Zai the Products for use in the Territory pursuant to a supply agreement for agreed upon consideration, except that Zai has the right, at its election, to package and label the Products in or outside the Territory for use in the Territory. In addition, during the term of the Zai Repotrectinib Agreement, Zai will be obligated to pay the Company tiered percentage royalties ranging from mid-to-high teens on annual net sales of the Products in the Territory, subject to adjustments in specified circumstances.

Zai will be responsible for conducting the development and commercialization activities in the Territory related to the Products at Zai’s own expense, subject to limited exceptions pursuant to which the Company may be responsible for the cost. The Company will be responsible for global clinical studies of the Products, including the portions that may be conducted in the Territory, at the Company’s expense, except that Zai will participate in global clinical studies of the Products through clinical trial sites in the Territory as agreed as of the effective date of the Zai Repotrectinib Agreement and may, at Zai’s election, participate in future global clinical studies of the Products through clinical trial sites in the Territory, in each case at Zai’s expense.

The Zai Repotrectinib Agreement will continue in effect until expiration of the last royalty term for a Product in any region in the Territory, where the royalty term for a Product in a region continues until the later of (i) the date of the last-to-expire valid claim within Company’s patent rights that covers the Product in such region in the Territory; (ii) the expiry of the regulatory exclusivity for such Product in such region; or (iii) the close of business of the day that is exactly 10 years after the date of the first commercial sale of such Product in such region. Subject to the terms of the Zai Repotrectinib Agreement, Zai may terminate the Zai Repotrectinib Agreement for convenience by providing written notice to the Company, which termination will be effective following a prescribed notice period. In addition, the Company may terminate the Zai Repotrectinib Agreement under specified circumstances if Zai or certain other parties challenge the Company’s patent rights. Either party may terminate the Zai Repotrectinib Agreement for the other party’s uncured material breach of the Zai License Agreement, with a customary notice and cure period, for the other party’s insolvency or if the other party acquires a third party and the acquired party is engaged in activities with a competing product that is not divested or discontinued within a specified period. After termination (but not natural expiration), other than certain terminations by Zai for cause, the Company is entitled to retain a worldwide and perpetual license from Zai to exploit the Products.

Pursuant to the terms of the Zai Repotrectinib Agreement, the Company received an upfront cash payment of $25.0 million and will be eligible to receive up to $151.0 million in development and sales milestone payments, consisting of up to $46.0 million of development milestones and up to $105.0 million of sales milestones. In addition, during the term of the Zai Repotrectinib Agreement, Zai will pay the Company tiered percentage royalties ranging from mid-to-high teens on annual net sales of the Products in the Territory, subject to adjustments in specified circumstances.

Revenue Recognition

The Company determined that two performance obligations existed: (1) the exclusive license, bundled with the associated know-how and (2) the Company’s initial obligation to supply repotrectinib for clinical development in the Territory.

The total transaction price of $25.7 million was allocated to the performance obligations on the basis of the relative stand-alone selling price estimated for each performance obligation. In estimating the stand-alone selling price for each
The Company developed assumptions that require judgment and included forecasted revenues, expected development timelines, discount rates, probabilities of technical and regulatory success and costs for manufacturing clinical supplies.

The Company delivered the license and technical know-how to Zai in the third quarter of 2020 to satisfy this performance obligation, and accordingly the Company recognized license revenue of $25.0 million in the third quarter of 2020. The $0.7 million in consideration allocable to the clinical supply performance obligation will be recognized when clinical trial material has been shipped by the Company and Zai obtains control of the goods, upon delivery, over the period of the obligation. As of December 31, 2020, the Company has not recognized any revenue associated with the clinical supply performance obligation.

The Company assessed the Zai Repotrectinib Agreement to determine whether a significant financing component exists and concluded that a significant financing component does not exist. The upfront payment received by the Company was subject to foreign tax withholdings. The Company recorded this tax expense to general and administrative expense in the Statements of Operations and Comprehensive Loss.

### 8. Commitments and Contingencies

#### Operating Leases
The Company has one lease agreement for the leasing of office and laboratory space with an initial lease term of four years resulting in an initial lease liability of $4.0 million and a right-of-use asset of $3.7 million, which is net of $0.3 million of the Company’s deferred gain from the office and laboratory space surrendered in 2019. The right-of-use asset and corresponding lease liability was estimated assuming a remaining lease term of 48 months and an estimated discount rate of 8.5%, which was the Company’s incremental borrowing rate at the date of the lease commencement.

Future minimum payments under the lease as of December 31, 2020 are as follows (in thousands):

<table>
<thead>
<tr>
<th>Year</th>
<th>Payments</th>
</tr>
</thead>
<tbody>
<tr>
<td>2021</td>
<td>1,668</td>
</tr>
<tr>
<td>2022</td>
<td>1,718</td>
</tr>
<tr>
<td>2023</td>
<td>872</td>
</tr>
<tr>
<td>Total future minimum lease payments</td>
<td>4,258</td>
</tr>
<tr>
<td>Less: amounts representing interest</td>
<td>(439)</td>
</tr>
<tr>
<td>Total lease liability</td>
<td>$3,819</td>
</tr>
</tbody>
</table>

Remaining lease term: 2.5 years

Rent expense for the years ended December 31, 2020, 2019 and 2018 was approximately $1.5 million, and $1.1 million and $0.5 million, respectively. The Company made cash payments related to its operating lease agreement of $1.6 million, $1.2 million and $0.4 million for the years ended December 31, 2020, 2019 and 2018, respectively.

### 9. Stockholders’ Equity

#### Stock Option Plan

**At the Market Offering**

In August 2020, the Company entered into an Open Market Sale Agreement with Jefferies LLC, or ATM facility, under which the Company may offer and sell, from time to time, at its sole discretion, up to $250.0 million shares of the Company’s common stock. To date, the Company has not yet sold any shares of common stock under the ATM facility.

**Stock Option Plan**

The Company’s 2019 Equity Incentive Plan (the Plan) provides for the grant of stock options, restricted stock and other equity awards of the Company’s common stock to employees, officers, consultants, and directors. In addition, the number of shares of common stock available for issuance under the Plan will be automatically increased on the first day of each calendar year during the ten-year term of the Plan, beginning with January 1, 2020 and ending with January 1, 2029, by an amount equal to 4% of the outstanding number of shares of the Company’s common stock on December 31 of the preceding calendar year or such lesser amount as determined by the Company’s board of directors. On January 1, 2020, the Company added 1,436,604 shares to the Plan. As of December 31, 2020, the Plan had a maximum of 2,294,124 total shares available for issuance.

Options expire within a period of not more than ten years from the date of grant. Initial option grants to employees typically vest 25% after one year and monthly thereafter over a three-year period and expire three months after employee
termination. Subsequent option grants to employees and grants to non-employees typically vest monthly over a four-year period. The majority of options outstanding at December 31, 2020, had vesting periods of four years.

The weighted-average grant-date fair value of options granted to employees was $46.00, $21.66 and $6.23 for the years ended December 31, 2020, 2019 and 2018, respectively. As of December 31, 2020, unrecognized compensation expense related to unvested options was $110.9 million and is expected to be recognized over a weighted average term of 2.60 years.

The following summarizes option activity for the year ended December 31, 2020:

<table>
<thead>
<tr>
<th>Options</th>
<th>Outstanding Options</th>
<th>Weighted Average Exercise Price Per Share</th>
<th>Weighted Average Remaining Contractual Term (Years)</th>
<th>Aggregate Intrinsic Value (in thousands)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance as of December 31, 2019</td>
<td>5,254,269</td>
<td>$14.59</td>
<td>9.0</td>
<td>$250,611</td>
</tr>
<tr>
<td>Options granted</td>
<td>2,167,920</td>
<td>$67.64</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Options exercised</td>
<td>(1,218,410)</td>
<td>$10.04</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Options forfeited or cancelled</td>
<td>(413,066)</td>
<td>$20.81</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Balance as of December 31, 2020</td>
<td>5,790,713</td>
<td>$34.97</td>
<td>8.4</td>
<td>$503,114</td>
</tr>
<tr>
<td>Options vested and exercisable as of December 31, 2020</td>
<td>2,002,242</td>
<td>$18.50</td>
<td>7.7</td>
<td>$206,932</td>
</tr>
</tbody>
</table>

The fair values of the employee stock options granted during 2020, 2019 and 2018 was estimated at the date of grant using the Black-Scholes option-pricing model with the following assumptions:

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Risk-free interest rate</td>
<td>1.15%</td>
<td>2.13%</td>
<td>2.61 - 3.10%</td>
</tr>
<tr>
<td>Volatility</td>
<td>79.5%</td>
<td>79.8%</td>
<td>80.4 - 82.5%</td>
</tr>
<tr>
<td>Expected term (in years)</td>
<td>6.07</td>
<td>6.05</td>
<td>5.77 - 6.08</td>
</tr>
<tr>
<td>Dividend yield</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

Restricted Stock Units

The summary of the Company’s restricted stock unit activity for the periods presented is as follows:

<table>
<thead>
<tr>
<th></th>
<th>Number of Restricted Stock Units Outstanding</th>
<th>Weighted Average Grant Date Fair Value</th>
<th>Aggregate Intrinsic Value (in thousands)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance as of December 31, 2019</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Granted</td>
<td>21,500</td>
<td>$59.94</td>
<td></td>
</tr>
<tr>
<td>Vested</td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Forfeited</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Outstanding as of December 31, 2020</td>
<td>21,500</td>
<td>$59.94</td>
<td>$2,620</td>
</tr>
</tbody>
</table>

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No awards are vested at December 31, 2020. As of December 31, 2020, the total unrecognized compensation related to restricted stock units granted was $1.1 million, which the Company expects to recognize over a weighted-average period of approximately 3.53 years.

### 2019 Employee Stock Purchase Plan

In April 2019, the Company’s board of directors and stockholders approved and adopted the 2019 Employee Stock Purchase Plan (the “ESPP”). The ESPP became effective immediately prior to the date of the underwriting agreement related to the IPO. The ESPP permits eligible employees who elect to participate in an offering under the ESPP to have up to 15% of their eligible earnings withheld, subject to certain limitations, to purchase shares of common stock pursuant to the ESPP. The price of common stock purchased under the ESPP is equal to 85 percent of the lower of the fair market value of the common stock at the commencement date of each offering period or the relevant date of purchase. Each offering period is 24 months, with new offering periods commencing every six months on the dates of June 11 and December 11 of each year. Each offering period consists of four (4) six month purchase periods (each a “Purchase Period”) during which payroll deductions of the participants are accumulated under the ESPP. The last business day of each Purchase Period is referred to as the “Purchase Date.” Purchase Dates are every six months on the dates of June 10 and December 10 of each year. A total of 288,938 shares of common stock were initially reserved.

As of December 31, 2020, unrecognized compensation expense related to the ESPP was $1.4 million.

The assumptions used for the year ended December 31, 2020 and the resulting estimates of weighted-average fair value per share for stock purchased under the ESPP during 2020 were as follows:

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Risk-free interest rate</td>
<td>0.08 – 0.19%</td>
<td>1.55 - 2.13%</td>
</tr>
<tr>
<td>Volatility</td>
<td>79.7 - 91.6%</td>
<td>70.6 - 76.2%</td>
</tr>
<tr>
<td>Expected term (in years)</td>
<td>0.50 - 2.00</td>
<td>0.50 - 2.00</td>
</tr>
<tr>
<td>Dividend yield</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

### Departure of Former Chief Scientific Officer (CSO)

On January 9, 2020, the Company entered into a Transition Separation and Consulting Agreement (the Transition Agreement) with the Company’s former CSO, Dr. Jingrong Jean Cui. In connection with this Transition Agreement, Dr. Cui resigned from her position as CSO effective January 31, 2020 and thereafter agreed to serve as a consultant to the Company on an as needed basis until June 30, 2020. In accordance with the terms of the Transition Agreement, the Company recorded $1.2 million in expense during the first quarter of 2020 representing the cash severance that was paid to Dr. Cui during 2020. The terms of the Transition Agreement allowed Dr. Cui to continue to vest her outstanding options through to the end of the consulting period on June 30, 2020. At the termination of the consulting period, Dr. Cui immediately received an additional eighteen months vesting of her stock options. In addition, the Company extended Dr. Cui’s period to exercise her vested stock options from 90 days to 12 months from the date of the termination of the consulting period.

The Company determined that the modification to extend the term of vested stock options was a Type I modification pursuant to ASC 718, Compensation – Stock Compensation (ASC 718). The acceleration of the vesting of the unvested stock options was deemed a Type III modification pursuant to ASC 718, because pursuant to Dr. Cui’s existing employment agreement as of her resignation date, these stock options would have been forfeited on the date of termination. As a result of these modifications the Company recognized $31.4 million in stock-based compensation expense in the first quarter of 2020. Because the services performed during the consulting period were considered nonsubstantive, the Company recognized the full $31.4 million in stock-based compensation expense on the date of the modification and presented this amount in general and administrative expenses in the statement of operations and comprehensive loss.

### Stock-based compensation expense

Stock-based compensation expense resulting from grants under the Company’s equity incentive plan and employee stock purchase plan is reflected in the statements of operations and comprehensive loss as follows (in thousands):

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Research and development</td>
<td>$15,539</td>
<td>$6,075</td>
<td>$556</td>
</tr>
<tr>
<td>General and administrative</td>
<td>48,624</td>
<td>6,631</td>
<td>591</td>
</tr>
<tr>
<td>Total stock-based compensation expense</td>
<td>$64,163</td>
<td>$12,706</td>
<td>$1,147</td>
</tr>
</tbody>
</table>

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Common Stock Reserved for Future Issuance

Common stock reserved for future issuance consists of the following:

<table>
<thead>
<tr>
<th>December 31,</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2020</td>
<td>2019</td>
</tr>
<tr>
<td>Common stock options outstanding</td>
<td>5,790,713</td>
<td>5,254,269</td>
</tr>
<tr>
<td>RSUs outstanding</td>
<td>21,500</td>
<td>-</td>
</tr>
<tr>
<td>Options to purchase common stock available for issuance under the Plan</td>
<td>2,294,124</td>
<td>2,633,874</td>
</tr>
<tr>
<td>Shares available for purchase under ESPP</td>
<td>249,817</td>
<td>278,304</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>8,356,154</strong></td>
<td><strong>8,166,447</strong></td>
</tr>
</tbody>
</table>

10. Defined Contribution Benefit Plan

The Company sponsors a 401(k) retirement plan, in which substantially all of its full-time employees are eligible to participate. Participants may contribute a percentage of their annual compensation to this plan, subject to statutory limitations. The Company has recorded as expense $0.8 million, $0.5 million and $0.2 million in matching contributions for the years ended December 31, 2020, 2019 and 2018, respectively.

11. Income Taxes

No provision for federal or state income taxes has been recorded for the years ended December 31, 2020, 2019 and 2018 other than the $800 annual tax for C corporations paid to the state of California.

A reconciliation of the federal statutory income tax rate and the Company’s effective income tax rate is as follows:

<table>
<thead>
<tr>
<th>Year Ended December 31,</th>
<th>2020</th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tax computed at federal statutory rate</td>
<td>21.0%</td>
<td>21.0%</td>
<td>21.0%</td>
</tr>
<tr>
<td>Permanent items</td>
<td>—</td>
<td>—</td>
<td>(2.4)%</td>
</tr>
<tr>
<td>Stock based compensation</td>
<td>(1.7)%</td>
<td>1.6%</td>
<td>(0.8)%</td>
</tr>
<tr>
<td>Research and development tax credits</td>
<td>2.5%</td>
<td>1.6%</td>
<td>1.1%</td>
</tr>
<tr>
<td>Orphan drug tax credit</td>
<td>4.4%</td>
<td>6.8%</td>
<td>6.5%</td>
</tr>
<tr>
<td>Other</td>
<td>(0.1)%</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Valuation allowance</td>
<td>(26.1)%</td>
<td>(31.0)%</td>
<td>(25.4)%</td>
</tr>
<tr>
<td><strong>Effective income tax rate</strong></td>
<td>—%</td>
<td>—%</td>
<td>—%</td>
</tr>
</tbody>
</table>

Deferred tax assets and liabilities consist of the following (in thousands):

<table>
<thead>
<tr>
<th>December 31,</th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Deferred tax assets:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net operating loss carryforwards</td>
<td>$47,411</td>
<td>$22,226</td>
</tr>
<tr>
<td>Research and development credits</td>
<td>5,415</td>
<td>1,521</td>
</tr>
<tr>
<td>Orphan drug credit</td>
<td>15,622</td>
<td>8,657</td>
</tr>
<tr>
<td>Accrued liabilities</td>
<td>1,552</td>
<td>1,062</td>
</tr>
<tr>
<td>Right of use asset</td>
<td>802</td>
<td>1,909</td>
</tr>
<tr>
<td>Stock-based compensation expense</td>
<td>6,386</td>
<td>8,106</td>
</tr>
<tr>
<td>Other, net</td>
<td>2</td>
<td>—</td>
</tr>
<tr>
<td><strong>Total deferred tax assets</strong></td>
<td>77,190</td>
<td>36,448</td>
</tr>
<tr>
<td>Deferred tax liabilities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fixed assets</td>
<td>(124)</td>
<td>(154)</td>
</tr>
<tr>
<td>Lease liabilities</td>
<td>(705)</td>
<td>(944)</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>(829)</td>
<td>(1,098)</td>
</tr>
<tr>
<td><strong>Less: valuation allowance</strong></td>
<td>76,361</td>
<td>35,350</td>
</tr>
<tr>
<td><strong>Net deferred tax assets</strong></td>
<td>(76,361)</td>
<td>(35,350)</td>
</tr>
<tr>
<td><strong>$</strong></td>
<td>—</td>
<td>—</td>
</tr>
</tbody>
</table>
The valuation allowance increased by $41.0 million during the year ended December 31, 2020. Due to the uncertainties surrounding the realization of deferred tax assets, the Company has provided a full valuation allowance and, therefore, no benefit has been recognized for the net operating loss carryforwards and other deferred tax assets.

At December 31, 2020, the Company has federal and state net operating loss carryforwards of approximately $225.8 million and $111.5 million, respectively. Portions of the federal and state tax loss carryforwards will begin to expire in 2033 if not utilized. The $205.3 million of the federal net operating loss carryforwards generated post 2017 can be carried forward indefinitely. At December 31, 2020, the Company has federal and state research and development tax credits of approximately $3.2 million and $4.6 million, respectively. At December 31, 2020, the Company has federal Orphan Drug tax credits of approximately $20.6 million. If not utilized, the federal research tax credit will begin to expire in 2035 and the Orphan Drug credit will begin to expire in 2037. The California research tax credit can be carried forward indefinitely.

Pursuant to Sections 382 and 383, use of the Company’s net operating loss and credit carryforwards may be limited if a cumulative change in ownership of more than 50% (by value) occurs within a three-year period. The Company completed an analysis under IRC Sections 382 and 383 through June 30, 2020. The Company experienced ownership changes in 2013, 2015, and 2017, but the ownership changes did not result in a material forfeiture of tax attributes. The Company has not completed its analysis to determine whether our net operating loss and credit carryforwards generated in the last 6-months of the tax year ending December 31, 2020, are subject to an annual limitation under Sections 382 or 383 of the Code. Once the Section 382 analysis is updated through December 31, 2020, any limitations on the net operating loss and credit carryforwards will be updated through December 31, 2020.

Total unrecognized income tax benefits related to California net operating losses, federal and California research and development and federal Orphan drug tax credit carryforwards were approximately $16.5 million at December 31, 2020. The Company’s policy is to include interest and penalties related to unrecognized tax benefits within the Company’s provision for income taxes. As of December 31, 2020, the Company has no accrual for interest and penalties related to unrecognized tax benefits. There are no unrecognized tax benefits that, if recognized, would impact the Company’s effective tax rate due to valuation allowances. The Company does not expect any unrecognized tax benefits to be recognized within the next 12 months.

The Company recognizes a tax benefit from an uncertain tax position when it is more likely than not that the position will be sustained upon examination, including resolutions of any related appeals or litigation processes, based on the technical merits. Income tax positions must meet a more likely than not recognition at the effective date to be recognized. At December 31, 2019, and December 31, 2020, the unrecognized tax benefits recorded were approximately $14.8 million and $16.5 million, respectively. Approximately $14.2 million of the unrecognized tax benefits would reduce our annual effective tax rate, if recognized, subject to the valuation allowance. It is not anticipated that there will be significant change in the unrecognized tax benefits over the next 12 months.

A reconciliation of the beginning and ending amount of gross unrecognized tax benefits is as follows (in thousands):

<table>
<thead>
<tr>
<th>December 31,</th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Beginning balance</td>
<td>$14,825</td>
<td>$7,488</td>
</tr>
<tr>
<td>Additions (Reductions) for tax positions taken in prior years</td>
<td>(869)</td>
<td>50</td>
</tr>
<tr>
<td>Additions for tax positions taken in current year</td>
<td>2,517</td>
<td>7,287</td>
</tr>
<tr>
<td>Ending balance</td>
<td>$16,473</td>
<td>$14,825</td>
</tr>
</tbody>
</table>

The Company files tax returns as prescribed by the tax laws of the jurisdictions in which it operates including U.S. Federal and California. In the normal course of business, the Company is subject to examination by the United States Internal Revenue Service and the taxing authorities in state jurisdictions where applicable. There are currently no pending income tax examinations. The Company’s tax years from inception in 2013 and onwards are subject to examination by the federal and state tax authorities due to the carryforward of unutilized net operating losses and research and development credits. The Company’s practice is to recognize interest and penalties related to income tax matters in income tax expense. The Company has not recognized interest or penalties since inception.
12. Selected Quarterly Financial Information (Unaudited)

The following is a summary of the quarterly results of the Company for the years ended December 31, 2020 and 2019 (unaudited, in thousands, except for share and per share data):

<table>
<thead>
<tr>
<th></th>
<th>12/31/2020</th>
<th>9/30/2020</th>
<th>6/30/2020</th>
<th>3/31/2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loss from operations</td>
<td>(47,939)</td>
<td>(18,539)</td>
<td>(32,732)</td>
<td>(62,626)</td>
</tr>
<tr>
<td>Net loss</td>
<td>(47,376)</td>
<td>(17,705)</td>
<td>(31,493)</td>
<td>(60,718)</td>
</tr>
<tr>
<td>Net loss per share, basic and diluted</td>
<td>$ (1.02)</td>
<td>$ (0.42)</td>
<td>$ (0.82)</td>
<td>$ (1.69)</td>
</tr>
<tr>
<td>Weighted-average common shares outstanding, basic and diluted</td>
<td>46,588,835</td>
<td>42,185,824</td>
<td>38,603,236</td>
<td>35,919,358</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Loss from operations</td>
<td>(23,065)</td>
<td>(22,140)</td>
<td>(18,454)</td>
<td>(14,065)</td>
</tr>
<tr>
<td>Net loss</td>
<td>(20,959)</td>
<td>(20,483)</td>
<td>(17,142)</td>
<td>(13,547)</td>
</tr>
<tr>
<td>Net loss per share, basic and diluted</td>
<td>$ (0.58)</td>
<td>$ (0.63)</td>
<td>$ (0.70)</td>
<td>$ (3.97)</td>
</tr>
<tr>
<td>Weighted-average common shares outstanding, basic and diluted</td>
<td>35,851,252</td>
<td>32,312,814</td>
<td>24,479,767</td>
<td>3,413,760</td>
</tr>
</tbody>
</table>

13. Subsequent Events

On January 10, 2021, the Company entered into a License Agreement (the Zai TPX-0022 Agreement) with Zai Lab (Shanghai) Co., Ltd. (Zai), pursuant to which the Company granted Zai exclusive rights to develop and commercialize products containing the Company’s drug candidate TPX-0022 (the TPX-0022 Products), in Mainland China, Hong Kong, Macau and Taiwan (collectively, the Territory). The Company retains exclusive rights to, among other things, develop, manufacture and commercialize the Products outside the Territory.

Pursuant to the terms of the Zai TPX-0022 Agreement, the Company will receive an upfront cash payment of $25.0 million and will be eligible to receive up to approximately $336.0 million in development and sales milestone payments, consisting of up to approximately $121.0 million of development milestones and up to $215.0 million of sales milestones. In addition, during the term of the Zai TPX-0022 Agreement, Zai will pay the Company tiered percentage royalties ranging from mid-teens to low twenties on annual net sales of the Products in the Territory, subject to adjustments in specified circumstances.
This License Agreement (this “Agreement”) is made as of January 10, 2021 (the “Effective Date”), by and between Turning Point Therapeutics, Inc., a corporation organized and existing under the laws of Delaware (“TPTX”), located at 10628 Science Center Drive, Suite 200, San Diego, California 92121, United States of America, and Zai Lab (Shanghai) Co., Ltd., an exempted company organized and existing under the laws of P.R. of China, located at 4F, Bldg 1, Jinchuang Plaza, 4560 Jinke Rd, Shanghai, China, 201210 (“Zai”). TPTX and Zai are referred to in this Agreement individually as a “Party” and collectively as the “Parties.”

RECIDALS

WHEREAS, TPTX is a biopharmaceutical company designing and developing novel small molecule, targeted oncology therapies, and TPTX owns or controls rights to the Licensed Compounds and Products (as defined herein);

WHEREAS, Zai is a pharmaceutical company having experience in the development and commercialization of pharmaceutical products in the Territory (as defined herein);

WHEREAS, TPTX and Zai are parties to the License Agreement, dated July 6, 2020, regarding TPTX’s development candidate repotrectinib, pursuant to which, among other terms, TPTX granted Zai a right of first negotiation for a license to certain additional development candidates of TPTX in the Territory, and this Agreement has been negotiated following Zai’s exercise of such right of first negotiation with respect to TPX-0022;

WHEREAS, Zai wishes to develop and commercialize the Products in the Territory; and

WHEREAS, TPTX wishes to grant to Zai, and Zai wishes to be granted, an exclusive license to Develop and Commercialize (each as defined herein) Products in the Field in the Territory (each as defined herein) in accordance with the terms and conditions set forth below.

AGREEMENT

NOW, THEREFORE, in consideration of the foregoing premises and the mutual covenants contained herein, the receipt and sufficiency of which are hereby acknowledged, the Parties hereby agree as follows:

ARTICLE 1

DEFINITIONS

Unless specifically set forth to the contrary herein, the following terms, whether used in the singular or plural, shall have the respective meanings set forth below:

1.1. “Acquired Party” shall have the meaning set forth in Section 2.6(b)(ii).

1.2. “Acquirer” shall have the meaning set forth in Section 2.6(b)(i).

1.3. “Additional Indication” means [***].
1.4. “Adverse Event” means any unwanted or harmful medical occurrence in a patient or subject who is administered a Product, whether or not considered related to such Product, including any undesirable sign (including abnormal laboratory findings of clinical concern).
1.5. “Affiliate” means, with respect to a specified Person, any entity that directly or indirectly controls, is controlled by or is under common control with such Person. As used in this Section 1.5, “control” (and, with correlative meanings, the terms “controlled by” and “under common control with”) means, in the case of a corporation, the ownership of more than fifty percent (50%) of the outstanding voting securities thereof or, in the case of any other type of entity, an interest that results in the ability to direct or cause the direction of the management and policies of such entity or the power to appoint more than fifty percent (50%) of the members of the governing body of the entity or, where ownership of more than fifty percent (50%) of such securities or interest is prohibited by law, ownership of the maximum amount legally permitted.

1.6. “Agreement” shall have the meaning set forth in the preamble to this agreement.

1.7. “Alliance Manager” shall have the meaning set forth in Section 3.1.

1.8. “Anti-Corruption Laws” shall have the meaning set forth in Section 11.5(a)(i).

1.9. “Applicable Laws” means all statutes, ordinances, regulations, rules or orders of any kind whatsoever of any Governmental Authority that may be in effect from time to time and applicable to the relevant activities contemplated by this Agreement.

1.10. “Authorized Regulatory Agent” means a local entity (a) authorized by TPTX or any of its Affiliates, where TPTX, its Affiliate or its third party contractor research organization is the license holder of imported drug product, to exclusively (even as to TPTX and its Affiliates but in accordance with terms and conditions hereunder) manage the work associated with obtaining any Regulatory Approval or product registration in the Territory; and (b) which possesses and maintains valid licenses or permits in the Territory if such licenses or permits are required for such local entity to engage in the relevant activities in the Territory.

1.11. “Business Day” means a day other than Saturday, Sunday or any day on which banks located in the state of California or Shanghai, the PRC are authorized or obligated to close. Whenever this Agreement refers to a number of days, such number shall refer to calendar days unless Business Days are specified.

1.12. “Calendar Quarter” means the respective periods of three (3) consecutive calendar months ending on March 31st, June 30th, September 30th and December 31st.

1.13. “Calendar Year” means each twelve (12) month period commencing on January 1st.

1.14. “cGMP” means all applicable current Good Manufacturing Practices including, as applicable, (a) the principles detailed in the U.S. Current Good Manufacturing Practices, 21 C.F.R. Parts 4, 210, 211, 601, 610 and 820, (b) European Directive 2003/94/EC and Eudralex 4, (c) the principles detailed in the ICH Q7 guidelines, and (d) the equivalent Applicable Laws in any relevant country or region, each as may be amended and applicable from time to time.

1.15. “Claims” shall have the meaning set forth in Section 12.1.

1.16. “Clinical Development Plan” shall have the meaning set forth in Section 5.2.

1.17. “Clinical Trial” means any clinical testing of a Product in human subjects.

1.18. “CMOs” means Third Party contractor manufacture organizations.

1.19. “Change of Control” means, with respect to a Party, that: (a) any Third Party acquires directly or indirectly the beneficial ownership of any voting security of such Party, or if the percentage ownership of such Third Party in the voting securities of such Party is increased through stock
redemption, cancellation, or other recapitalization, and immediately after such acquisition or increase such Third Party is, directly or indirectly, the beneficial owner of voting securities representing more than fifty (50%) of the total voting power of all of the then outstanding voting securities of such Party; (b) a merger, consolidation, recapitalization, or reorganization of such Party is consummated which results in shareholders or equity holders of such Party immediately prior to such transaction, no longer owning at least fifty (50%) of the outstanding voting securities of the surviving entity (or its parent entity) immediately following such transaction; or (c) there is a sale or transfer to a Third Party of all or substantially all of such Party’s consolidated assets taken as a whole, through one or more related transactions.

1.20. “Combination Product” means a Product that combines a Licensed Compound with one (1) or more other clinically or pharmacologically active ingredients (which term excludes, for clarity excipients, controlled-release compositions, materials to increase bioavailability, solubility or stability, or delivery means) in a single formulation or final package presentation for sale as a single unit (including separate unit doses so configured). The Licensed Compound portion of any Combination Product shall be deemed the “Licensed Component” and the other clinically or pharmacologically active ingredients of such Combination Product the “Other Component”.

1.21. “Combination Therapy” means the use or method of using a product comprising one (1) or more clinically or pharmacologically active ingredients and a different product comprising one (1) or more other clinically or pharmacologically active ingredients, in concomitant or sequential administration.

1.22. “Commercialization” or “Commercialize” means all activities directed to marketing, distribution, promoting or selling of pharmaceutical products (including importing and exporting activities in connection therewith), but excluding activities directed to Manufacturing.

1.23. “Commercialization Plan” means the written plan for the Commercialization of the Product in the Territory, as updated in accordance with this Agreement.

1.24. “Commercially Reasonable Efforts” means with respect to a Party, the use of diligent, good faith efforts and resources, in an active and ongoing program, as normally used by such Party for a product discovered or identified internally or in-licensed from a Third Party that is important to such Party’s overall strategy or objectives, which product is at a similar stage in its development or product life and is of similar market potential and intellectual property protection but in the event such Party is Zai, not considering the obligations (including financial) to TPTX or the rights of TPTX hereunder; provided, however, that in no event shall such efforts and resources be less than those a similarly situated biopharmaceutical company would apply to the development, manufacture, or commercialization of a similarly situated product. Commercially Reasonable Efforts requires that a Party, at a minimum, [***].

1.25. “Competing Activities” shall have the meaning set forth in Section 2.6(b)(i).

1.26. “Competing Product” means any product that [***].

1.27. “Confidential Information” means all confidential information of the Disclosing Party or its Affiliates, regardless of its form or medium as provided to the Receiving Party or its Affiliates in connection with this Agreement; provided that, Confidential Information shall not include any information that the Receiving Party can show by competent written evidence: (a) was already
known to the Receiving Party at the time it was disclosed to the Receiving Party by the Disclosing Party without an obligation of confidentiality and not through a prior disclosure by the Disclosing Party, (b) was or becomes generally known to the public through no act or omission of the Receiving Party in violation of the terms of this Agreement, (c) was lawfully received by the Receiving Party from a Third Party without restriction on its disclosure and without, to the reasonable knowledge of the Receiving Party, a breach by such Third Party of an obligation of confidentiality to the Disclosing Party, or (d) was independently developed by the Receiving Party without use of or reference to the Confidential Information of the Disclosing Party. All Improvements shall be the Confidential Information of TPTX, and TPTX shall be the Disclosing Party and Zai shall be the Receiving Party with respect thereto. The terms of this Agreement that are not publicly disclosed through a press release or by filings to financial regulatory authorities and all Joint Inventions and Joint Patents shall be the Confidential Information of both Parties.

1.28. “Control” or “Controlled” means, with respect to any Know-How, Patents or other intellectual property rights, that a Party has the legal authority or right (whether by ownership, license or otherwise, after taking into account the provisions of this Agreement regarding ownership of Improvements, but without taking into account any license granted by one Party to the other Party pursuant to this Agreement) to grant a license, sublicense, access or right to use (as applicable) under such Know-How, Patents, or other intellectual property rights, on the terms and conditions set forth herein, in each case without breaching the terms of any agreement with a Third Party.

1.29. “Deficient Site” shall have the meaning set forth in Section 5.7.

1.30. “Develop” or “Development” or “Developing” means preclinical and clinical drug or biological development activities, including test method development, toxicology, formulation, quality assurance/quality control development, statistical analysis, preclinical and clinical studies and regulatory affairs, and regulatory activities, including filing for, obtaining and maintaining approval and registration, but excluding activities directed to Manufacturing.

1.31. “Development Milestone Event” shall have the meaning set forth in Section 9.2(a).

1.32. “Development Milestone Payment” shall have the meaning set forth in Section 9.2(a).

1.33. “Disclosing Party” shall have the meaning set forth in Section 10.1(a).

1.34. “Dispute” shall have the meaning set forth in Section 15.1.

1.35. “Effective Date” shall have the meaning set forth in the preamble in this Agreement.

1.36. “Executive Officers” shall have the meaning set forth in Section 3.2(f).

1.37. [***].

1.38. “Existing Global Studies” shall have the meaning set forth in Section 5.4(a).

1.39. “Expiration Date” shall have the meaning set forth in Section 14.1(a).

1.40. “Field” means all human therapeutic indications.

1.41. “First Commercial Sale” means, with respect to any Product, the first arm’s length sale of such Product to a Third Party in a region of the Territory by Zai, its Affiliate(s) or Sublicensee(s) for use or consumption in such region following Regulatory Approval. Sales prior to receipt of marketing and pricing approvals, such as so-called “treatment IND sales,” “named patient sales” and “compassionate use sales” and any sales to any government, foreign or domestic, including purchases for immediate sale or stockpiling purposes, are not a First Commercial Sale in that region.
1.42. “FTE” means the equivalent of the work of a full-time individual for a twelve (12) month period.

1.43. “FTE Rate” means a rate of US$[***] per FTE per year, to be pro-rated on an hourly basis of US$[***] per FTE per hour, based on [***] hours per year for an FTE and is subject to adjustments [***]. For clarity, the FTE rate of $[***] per FTE per year described above will be [***].

1.44. “Fully Burdened Manufacturing Costs” means the cost of Manufacturing the Product. Fully Burdened Manufacturing Costs shall be a “standard cost” per unit (calculated annually), comprised of the following elements calculated in accordance with GAAP: [***]; provided, however, that [***] and [***]. To the extent that Products are sourced from one or more CMOs by TPTX, Fully Burdened Manufacturing Costs shall be the actual invoiced price paid by a Party to such CMO(s) for the manufacture and supply of a Product[***].
1.45. “GAAP” means the United States generally accepted accounting principles, consistently applied.

1.46. “GCP” means all applicable Good Clinical Practice standards for the design, conduct, performance, monitoring, auditing, recording, analyses and reporting of Clinical Trials, including, as applicable (a) as set forth in the International Conference on Harmonization of Technical Requirements for Registration of Pharmaceuticals for Human Use Harmonized Tripartite Guideline for Good Clinical Practice (CPMP/ICH/135/95) and any other guidelines for good clinical practice for trials on medicinal products in the Territory, (b) the Declaration of Helsinki (2004) as last amended at the 52nd World Medical Association in October 2000 and any further amendments or clarifications thereto, (c) U.S. Code of Federal Regulations Title 21, Parts 50 (Protection of Human Subjects), 56 (Institutional Review Boards) and 312 (Investigational New Drug Application), as may be amended from time to time, and (d) the equivalent Applicable Laws in the region in the Territory, each as may be amended and applicable from time to time and in each case, that provide for, among other things, assurance that the clinical data and reported results are credible and accurate and protect the rights, integrity, and confidentiality of trial subjects.

1.47. “Generic Product” means, with respect to a Product in a region in the Territory, after Regulatory Approval of such Product in such region, any other therapeutic drug product designated for human use which (a) contains the same active ingredient as such Product, (b) is approved for use pursuant to a Regulatory Approval process in such country that is based on the indications and conditions of use on a product meeting the standards set forth in the foregoing (a), whether or not such Regulatory Approval was based upon data generated by the Party independently or was obtained using an abbreviated, expedited or other process, and (c) is authorized for sale or sold in the region (or is commercially available in the same region via import from another region) as the Product by or on behalf of a Third Party that has not obtained rights to, and did not purchase, such product or its active pharmaceutical ingredients from Zai or any of its Affiliates or Sublicensees.

1.48. “Generic Competition” means, with respect to a particular Product in a region in the Territory, after a Generic Product is first launched in such region, [***].

1.49. “Global Development Plan” shall have the meaning set forth in Section 5.4(a).

1.50. “Global Study” means a clinical study designed to obtain Regulatory Approvals for the Products in multiple jurisdictions through the conduct of a Clinical Trial in multiple medical institutions, countries, regions, territories and conducted as part of one (1) unified Clinical Trial or separately but concurrently in accordance with a common Clinical Trial protocol.

1.51. “GLP” means all applicable Good Laboratory Practice standards, including, as applicable, as set forth in the then current good laboratory practice standards promulgated or endorsed by the U.S. Food and Drug Administration as defined in 21 C.F.R. Part 58, or the equivalent Applicable Laws in the region in the Territory, each as may be amended and applicable from time to time.

1.52. “Governmental Authority” means any court, commission, authority, department, ministry, official or other instrumentality of, or being vested with public authority under any law of, any country, region, state or local authority or any political subdivision thereof, or any association of countries.

1.53. “GSP” means all applicable Good Supply Practice standards, including, as applicable, as set forth in the then current good supply practice standards promulgated or endorsed by the FDA as defined in Good Supply Practice for Pharmaceutical Products or the equivalent Applicable Laws in the region in the Territory, each as may be amended and applicable from time to time.
1.54. "ICC Rules" shall have the meaning set forth in Section 15.4(a).

1.55. "Improvement" means any improvement, modification, or enhancement to any Licensed Technology invented, discovered, generated or made (a) solely by either Party, its Affiliates or its or its Affiliates’ employees, agents or independent contractors or (b) jointly by both Parties, their Affiliates or their and their Affiliates’ employees, agents or independent contractors, in each case, during the Term in the performance of any activity contemplated under this Agreement (including Global Studies and Local Studies) or otherwise in the exercise of its (their) rights or the carrying out of its (their) obligations under this Agreement, including all rights, title and interest in and to the intellectual property rights therein.

1.56. "IND" means an investigational new drug application or equivalent application filed with the applicable Regulatory Authority, which application is required to commence Clinical Trials in the applicable jurisdiction.

1.57. "Indemnifying Party" shall have the meaning set forth in Section 12.3.

1.58. "Indemnitee" shall have the meaning set forth in Section 12.3.

1.59. "Indication" means a separate and distinct disease or condition, or sign or symptom of a disease or medical condition. For clarity [***].

1.60. "Invention" means any process, method, composition of matter, article of manufacture, discovery or finding, patentable or otherwise, that is invented, discovered or generated as a result of a Party (or the Parties jointly) exercising its (their) rights or carrying out its (their) obligations under this Agreement, including all rights, title and interest in and to the intellectual property rights therein.

1.61. "JDC" shall have the meaning set forth in Section 3.3(a).

1.62. "Joint Global Study" shall have the meaning set forth in Section 5.4(b).

1.63. "Joint Invention" shall have the meaning set forth in Section 13.1(b).

1.64. "Joint Patent" shall have the meaning set forth in Section 13.1(b).

1.65. "JSC" shall have the meaning set forth in Section 3.2(a).

1.66. "Know-How" means any proprietary scientific or technical information, results and data of any type whatsoever, in any tangible or intangible form whatsoever, including databases, safety information, practices, methods, techniques, specifications, formulations, formulae, knowledge, know-how, skill, experience, test data including pharmacological, medicinal chemistry, biological, chemical, biochemical, toxicological and clinical test data, analytical and quality control data, stability data, studies and procedures, and manufacturing process and development information, results and data.

1.67. "Licensed Component" shall have the meaning set forth in Section 1.20.
1.68. “Licensed Compound” means TPX-0022, a small, macrocyclic TKI of MET, CSF1R and SRC, including any salt, metabolite, prodrugs, free-base, hydrate, solvate, polymorph, racemate, isotope, stereoisomer enantiomer thereof.

1.69. “Licensed Know-How” means any and all Know-How Controlled by TPTX or its Affiliates as of the Effective Date or during the Term, including TPTX’s joint ownership interest in any Know-How within the Joint Inventions, that is necessary or reasonable useful for the Development, packaging or labelling, or Commercialization of the Product in the Field in the Territory, except to the extent excluded pursuant to Section 5.4(d). Notwithstanding the foregoing, in the event a Change of Control of TPTX occurs after the Effective Date, Know-How Controlled by any Affiliate of TPTX that was not an Affiliate of TPTX immediately prior to such Change of Control transaction shall not be Licensed Know-How except to the extent such Know-How falls within the definition of Licensed Know-How in the immediately preceding sentence and (a) is also Controlled by TPTX or its Affiliate existing immediately prior to such transaction or (b) is generated or used by such Affiliate in the Development, packaging or labelling or Commercialization of the Licensed Compound or Product after such transaction.

1.70. “Licensed Patents” means the Patents in the Territory Controlled by TPTX or its Affiliates as of the Effective Date or during the Term, including TPTX’s joint ownership interest in any Joint Patents in the Territory, that (a) claim the Licensed Compound or the Product (including the composition of matter, formulation, or method of packaging or labelling or use thereof); and (b) are necessary or reasonably useful for the Development, packaging or labelling, or Commercialization of the Product in the Field in the Territory, except to the extent excluded pursuant to Section 5.4(d). Schedule 1.70 contains a list of all Licensed Patents as of the Effective Date. Notwithstanding the foregoing, in the event a Change of Control of TPTX occurs after the Effective Date, Patents Controlled by any Affiliate of TPTX that was not an Affiliate of TPTX immediately prior to such Change of Control transaction shall not be Licensed Patents except to the extent any such Patent falls within the definition of Licensed Patents in the immediately preceding sentence and (i) is also Controlled by TPTX or its Affiliate existing immediately prior to such transaction or (ii) claims any Invention generated or used by such Affiliate in the Development, packaging or labelling or Commercialization of the Product after such transaction.

1.71. “Licensed Technology” means the Licensed Know-How and Licensed Patents.

1.72. “Local Study” means any Clinical Trial for any Product in the Field and which (a) Zai determines to conduct and is conducted by or on behalf of Zai in the Territory, and (b) does not include clinical sites in any country or jurisdiction outside the Territory.

1.73. “Losses” shall have the meaning set forth in Section 12.1.

1.74. “Manufacture” or “Manufacturing” or “Manufactured” means all operations involved in the manufacturing, filling and finishing, quality control testing (including in-process, release and stability testing, if applicable), storage, releasing, packaging and labeling.

1.75. “Manufacturing Technology” shall have the meaning set forth in Section 7.3.

1.76. “Manufacturing Technology Transfer” shall have the meaning set forth in Section 7.3.

1.77. “Milestone Events” means Development Milestone Events and Net Sales Milestone Events.

1.78. “Milestone Payments” means Development Milestone Payments and Net Sales Milestone Payments.
1.79. “Monotherapy” means the use or method of using a product comprising one (1) clinically or pharmacologically active ingredient as its sole active ingredient, and not in concomitant or sequential administration with any other product.

1.80. “Net Sales” means the gross price billed or invoiced on sales of the Product by Zai, its Affiliates, or Sublicensees to a Third Party that is not a Sublicensee in the Territory, less (without duplication) usual and customary:

(a) cash, trade or quantity discounts actually granted and deducted solely on account of sales of the Product, but excluding early payment discounts;

(b) rebates actually paid to individual or group purchasers of the Product that are solely on account of the purchase of such Product;

(c) credits issued for the Product recalled or not accepted by customers or other refunds, allowances and chargebacks actually granted and related to the Product;

(d) (i) freight expense (actual), including insurance, to the extent it is not charged to or reimbursed by the customer, (ii) early payment discounts, (iii) bad debt written off under GAAP, with reasonable collection efforts and added back if collected; and

(e) Taxes (including, but not limited to sales, value added, consumption and similar taxes; but excluding income taxes) actually incurred, paid or collected and remitted to the relevant tax authority for the sale of the Product; provided that any amount of such taxes refunded, recovered or credited back by the relevant tax authority shall be included in Net Sales.

Each of the amounts set forth above shall be determined from the books and records of Zai, its Affiliate or Sublicensee, maintained in accordance with GAAP or in the case of Sublicensees, such similar accounting principles, consistently applied, and any amounts that are deducted from Net Sales pursuant to one subsection may not be deducted pursuant to another subsection (i.e., a deduction may only be taken once).

The transfer of a Product to an Affiliate, Sublicensee, or other Third Party (i) in connection with the Development or testing of a Product (including the conduct of clinical studies), (ii) for purposes of distribution as promotional samples, (iii) for indigent or similar public support or compassionate use programs, or (iv) by and between Zai and its Affiliates or Sublicensees shall not, in any case, be considered a Net Sale of a Product under this Agreement. Subject to the foregoing, any sales income received by Zai, its Affiliates or Sublicensees for Products prior to or after Regulatory Approval shall be Net Sales and subject to the Royalty Payments under Section 9.4(a).

Net Sales shall also include and be deemed to have been made with respect to any Products used by Zai or any Affiliate, for its own commercial purposes, or transferred to any Third Party for less than what the transferee is then charging in normal arms-length sales transactions; and Net Sales in all such cases shall be deemed to have been made at the prices therefor at which such Products are then being sold to the customers of such user or transferor (or of Zai, if an Affiliate is a user but not a seller) in arms-length sales transactions. For clarity, in the event the Product is sold in an arms-length transaction to a governmental agency, a group purchase entity or any other entity having the bargaining power to negotiate the purchase price below normal retail price in transactions of lesser volume, Net Sales shall be calculated based on the actual price negotiated and agreed to for such agency or entity and not be based on the price charged in other arms-length sales transactions.

To the extent that Zai or any of its Affiliates, or Sublicensees, provides to the purchasing Third Party discounts or allowances that are applicable to purchases of the Product and one or more other products (such as in a “bundled sale” arrangement), such discounts and allowances shall be allocated between the Product (for purposes of the deductions used in calculating Net Sales as above) and such other

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products in an equitable and commercially reasonable manner that does not unfairly or inappropriately bias the level of discounting against the Product (as compared to the other products).

If Zai or any of its Affiliates, or Sublicensees, sells a Product as a Licensed Component of a Combination Product in the Territory in any Calendar Quarter, then Net Sales shall be calculated by multiplying the Net Sales of the Combination Product during such Calendar Quarter by the fraction A/(A+B), where A is the average Net Sales per unit sold of the Licensed Component when sold separately in the Territory during such Calendar Year (calculated by dividing the Net Sales of the Licensed Component during such Calendar Quarter and B is the average Net Sales per unit sold of the Other Component(s) included in the Combination Product when sold separately during such Calendar Quarter (calculated by determining the Net Sales of such Other Component(s) sold during such Calendar Quarter by applying the definition of Net Sales set forth herein as if it applied to sales of such Other Component(s) and dividing such Net Sales by the number of units of such Other Component(s) sold during such Calendar Quarter). In each case, A and B shall be adjusted on a pro rata basis to account for dosing differences between the amounts of Licensed Component and Other Component(s) included in the Combination Product relative to the amounts of Licensed Component and Other Component(s) included in the separately sold product.

For purposes of calculating the average Net Sales per unit sold of a Licensed Component and Other Component(s) of a Combination Product, any of the deductions described herein that apply to such Combination Product shall be allocated among sales of the Licensed Component and sales of the Other Component(s) included in such Combination Product as follows: (1) deductions that are attributable solely to the Licensed Component or one of the Other Component(s) shall be allocated solely to Net Sales of the Licensed Component or such Other Component, as applicable, and (2) all other deductions shall be allocated among sales of the Licensed Component and sales of the Other Component(s) in proportion to Zai’s and TPTX’s mutual agreement of the fair market value of the Licensed Component and the Other Component(s).

In the event that no separate sales of the Licensed Component or any Other Component(s) included in a Combination Product are made by Zai or its Affiliates, or Sublicensees, during a Calendar Quarter in which such Combination Product is sold, the average Net Sales per unit sold in the above described equation shall be replaced with Zai’s and TPTX’s mutual written agreement of the fair market value of the Licensed Component and each of the Other Component(s) included in such Combination Product.

1.81. “Net Sales Milestone Event” shall have the meaning set forth in Section 9.3(a).
1.82. “Net Sales Milestone Payment” shall have the meaning set forth in Section 9.3(a).
1.83. “NMPA” means the National Medical Products Administration, formerly known as the China Food and Drug Administration, and local or provincial counterparts thereto, and any successor agency(ies) or authority thereto having substantially the same function.
1.84. [***].
1.85. “NSCLC” shall have the meaning set forth in Section 9.2(a).
1.86. “Other Component” shall have the meaning set forth in Section 1.20.
1.87. “Party” or “Parties” shall have the meaning set forth in the preamble to this Agreement.
1.88. “Patent Prosecution” means the responsibility and authority for (a) preparing, filing and prosecuting applications (of all types) for any Patent (including any decision whether to file a
further divisional application), (b) managing any interference, opposition, re-issue, reexamination, invalidation proceedings, revocation, nullification, or cancellation proceeding relating to the foregoing, (c) deciding to abandon Patent(s), (d) listing in regulatory publications (as applicable), (e) patent term extension, and (f) settling any interference, opposition, revocation, nullification or cancellation proceeding.

1.89. “Patents” means (a) all national, regional and international patents and patent applications, including any provisional patent application, (b) any patent application claiming priority from such patent application or provisional patent applications, including divisions, continuations, continuations-in-part, additions, (c) any patent that has issued or in the future issues from any of the foregoing patent applications, including any utility or design patent or certificate of invention, and (d) re-issues, renewals, extensions, substitutions, re-examinations or restorations, registrations and revalidations, and supplementary protection certificates and equivalents to any of the foregoing.

1.90. “Person” means any individual, sole proprietorship, corporation, joint venture, limited liability company, partnership, limited partnership, limited liability partnership, trust or any other private, public or governmental entity.

1.91. “Pharmacovigilance Agreement” shall have the meaning set forth in Section 6.9(a).

1.92. “PRC” means the People’s Republic of China, which for the purposes of this Agreement shall exclude Hong Kong, Macau, and Taiwan.

1.93. “Primary Indication” means any of the following Indications: [***].

1.94. “Prime Rate” means for any day a per annum rate of interest equal to the “prime rate,” as published in the “Money Rates” column of The Wall Street Journal, from time to time, or if for any reason such rate is no longer available, a rate equivalent to the base rate on corporate loans posted by at least percent (70%) of the ten largest U.S. banks.

1.95. “Product” means any pharmaceutical preparation containing the Licensed Compound as an active ingredient, in any formulation or dosage form.

1.96. “Product Infringement” shall have the meaning set forth in Section 13.4(a).

1.97. “Product Marks” shall have the meaning set forth in Section 8.4.

1.98. “Product Specifications” means the specifications of the Product to be agreed by the Parties in the Supply Agreement.

1.99. “Public Official” shall have the meaning set forth in Section 11.5(d).

1.100. “Quality Agreement” shall have the meaning set forth in Section 7.2.

1.101. “Receiving Party” shall have the meaning set forth in Section 10.1(a).

1.102. “Regulatory Approval” means, with respect to a Product in a region or a country, the approvals from the necessary Governmental Authority to import, market and sell such Product in such region (but excluding pricing approvals and reimbursement approvals).
1.103. “Regulatory Approval Application” means a New Drug Approval Application or Biologics License Application (each, as defined in the U.S. Federal Food, Drug and Cosmetic Act (21 U.S.C. §301 et seq.), as amended from time to time) in the U.S., or any corresponding application for approval to market or sell a product in any country, region or jurisdiction in the Territory.

1.104. “Regulatory Authority” means any applicable Governmental Authority responsible for granting Regulatory Approvals for Products, including the NMPA, and any corresponding national or regional regulatory authorities.

1.105. “Regulatory Submissions” means any filing, application, or submission with any Regulatory Authority, including authorizations, approvals or clearances arising from the foregoing, including Regulatory Approvals, and all correspondence or communication with or from the relevant Regulatory Authority, as well as minutes of any material meetings, telephone conferences or discussions with the relevant Regulatory Authority, in each case, with respect to a Product.

1.106. “Remedial Action” shall have the meaning set forth in Section 6.11.

1.107. “Replacement Site” shall have the meaning set forth in Section 5.7.

1.108. “Retained Rights” shall have the meaning set forth in Section 2.2.

1.109. “Royalty Payment” shall have the meaning set forth in Section 9.4(a).

1.110. “Royalty Term” shall have the meaning set forth in Section 9.4(b).

1.111. “Sole Invention” shall have the meaning set forth in Section 13.1(b).

1.112. “Sublicense” means a Third Party or Zai’s Affiliate who was granted a sublicense by Zai under the licenses granted in Section 2.1. For clarity, a Third Party who was granted a sublicense by a Sublicensee shall also be deemed a Sublicensee.

1.113. “Supply Agreement” shall have the meaning set forth in Section 7.2.

1.114. “Tax” or “Taxes” means any present or future taxes, levies, imposts, duties, charges, assessments or fees of any nature (including any interest thereon). For the avoidance of doubt, Taxes includes VAT.

1.115. “Term” shall have the meaning set forth in Section 14.1(a).

1.116. “Territory” means the PRC, Hong Kong, Macau, and Taiwan (which for purposes of this Agreement shall each be deemed a region).

1.117. “Third Party” means an entity other than (a) Zai and its Affiliates or (b) TPTX and its Affiliates.

1.118. [***].

1.119. [***].

1.120. “TPTX” shall have the meaning set forth in the preamble of this Agreement.

1.121. “TPTX Acquirer” shall have the meaning set forth in Section 8.7.

1.122. “TPTX Acquirer ROFN” shall have the meaning set forth in Section 8.7.
1.123. “TPTX Acquirer ROFN Exercise Notice” shall have the meaning set forth in Section 8.7.
1.124. “TPTX Acquirer ROFN Negotiation Period” shall have the meaning set forth in Section 8.7.
1.125. “TPTX Indemnitee(s)” shall have the meaning set forth in Section 12.1.
1.126. “TPTX Product Marks” shall have the meaning set forth in Section 8.4.
1.127. “TPTX ROFN” shall have the meaning set forth in Section 2.7.
1.128. [***].
1.129. “TPTX ROFN Exercise Notice” shall have the meaning set forth in Section 2.7.
1.130. “TPTX ROFN Exercise Period” shall have the meaning set forth in Section 2.7.
1.131. “TPTX ROFN Expiration” shall have the meaning set forth in Section 2.7.
1.132. “TPTX ROFN Negotiation Period” shall have the meaning set forth in Section 2.7.
1.133. “TPTX ROFN Offer Notice” shall have the meaning set forth in Section 2.7.
1.134. [***].
1.135. “Transition Period” shall have the meaning set forth in Section 14.9(b)(iv).
1.136. “U.S. Dollars” or “$” means United States dollars, the lawful currency of the United States.
1.137. “Upfront Payment” shall have the meaning set forth in Section 9.1.
1.138. “Valid Claim” means (a) a claim of an issued and unexpired Patent included within the Licensed Patents (including any Patent covering an Improvement and any Joint Patents in the Territory) that (i) covers the Licensed Compound or the Product (including the composition of matter, formulation, or method of packaging or labelling or use thereof) in the Territory that (ii) has not been permanently revoked or held unenforceable or invalid by a decision of a court or other governmental agency of competent jurisdiction, which decision is not appealable or is not appealed within the time allowed for appeal, and has not been abandoned, disclaimed or admitted to be invalid or unenforceable through reissue, disclaimer or otherwise or (b) a claim of a pending patent application included within the Licensed Patents (including any Patent covering an Improvement and any Joint Patent) in the Territory that (1) would cover the Licensed Compound or Product (including the composition of matter, formulation, or method of packaging or labelling or use thereof) in the Territory if such claim was to issue, (2) has not been pending for more than [***] years from its earliest priority date, and (3) (A) has not been cancelled, withdrawn or abandoned or (B) finally rejected by an administrative agency action from which no appeal can be taken or that has not been appealed within the time allowed for appeal.
1.139. “VAT” means value-added taxes or other similar taxes.
1.140. “Withholding Income Taxes” shall have the meaning set forth in Section 9.8(b).
1.141. “Withholding Taxes” shall have the meaning set forth in Section 9.8(b).
1.142. “Withholding VAT Taxes” shall have the meaning set forth in Section 9.8(a).
1.143. “Zai” shall have the meaning set forth in the preamble of this Agreement.

1.144. “Zai Indemnitee(s)” shall have the meaning set forth in Section 12.2.

1.145. “Zai IP” means any and all Know-How and Patents Controlled by Zai or its Affiliates (a) as of the Effective Date or (b) at any time during the Term that are, in each case, (i) not Improvements and (ii) necessary or reasonably useful for the Development, Manufacture, use or Commercialization of the Licensed Compound or any Product.

1.146. “Zai Indemnitee(s)” shall have the meaning set forth in Section 12.2.

1.147. “Zai Pipeline Product” shall have the meaning set forth in Section 2.7.

ARTICLE 2
LICENSES; NON-COMPETE; TPTX ROFN

2.1. License Grant to Zai. Subject to the terms and conditions of this Agreement, TPTX hereby grants to Zai, during the Term, (a) an exclusive, royalty-bearing license, with the right to grant sublicenses (solely in accordance with Section 2.3), under the Licensed Technology to Develop, register, use, sell, offer for sale, import and otherwise Commercialize the Products in the Field in the Territory; and (b) a non-exclusive, royalty-bearing license, with the right to grant sublicenses (solely in accordance with Section 2.3), under the Licensed Technology to package or have packaged, and label or have labeled the Products in the Field in and outside the Territory, solely to support the Development, use, sale, offer for sale, import or other Commercialization of the Products in the Field in the Territory. For clarity, (i) the licenses granted by TPTX to Zai under this Section 2.1 shall not include any right or license to any product containing any of TPTX’s proprietary compounds other than the Licensed Compound, and (ii) the licenses granted under this Section 2.1 do not include any right to Manufacture or to have Manufactured the Licensed Compound or Products, except for Zai’s non-exclusive right to package and label the Licensed Compound and Product in accordance with Section 2.1(b).

2.2. TPTX Retained Rights. Notwithstanding anything to the contrary in this Agreement, TPTX hereby expressly retains, on behalf of itself (and its Affiliates, other licensees, and sublicensees) (a) all rights under the Licensed Technology to fulfill, either itself, its Affiliates or through subcontractors, TPTX’s obligations under this Agreement; (b) the exclusive rights to Develop, Manufacture or have Manufactured (subject to Zai’s non-exclusive right to package and label the Licensed Compound and Product outside the Territory in accordance with Section 2.1(b)), use, sell, offer for sale, import and otherwise Commercialize the Licensed Compound and Products outside the Territory; and (c) (i) subject to and in accordance with Section 5.4, [***] (including through the conduct of Global Studies by TPTX pursuant to Section 5.4) (the “Retained Rights”), provided that upon Zai’s reasonable request, TPTX shall perform any research activity that is necessary or reasonably useful for the Development of or obtaining the Regulatory Approval for the Product in the Territory in accordance with the Clinical Development Plan or as otherwise proposed by Zai and thereafter approved by the JDC at Zai’s cost. In the event that TPTX wishes to exercise its Retained Rights [***].
For the avoidance of doubt, the Retained Rights shall exclude the right under the Licensed Technology to Commercialize the Licensed Compound or Products in the Field in the Territory during the Term, and TPTX, its Affiliates and licensees of rights to the Licensed Compound or Products (other than Zai and its Affiliates and Sublicensees) shall not undertake such Commercialization of the Licensed Compound or Products in the Field without Zai’s express prior written consent.

2.3. Right to Sublicense.

(a) General. Zai shall have the right to grant sublicenses under the licenses granted in Section 2.1 to: (i) its Affiliates without TPTX’s consent or approval; and (ii) any Third Party only with TPTX’s prior written consent (not to be unreasonably withheld, delayed or conditioned). Zai shall remain primarily responsible for all of its obligations under this Agreement that have been delegated or sublicensed to any Sublicensee and shall be liable for (1) its Sublicensee’s conduct that is prohibited under this Agreement, and (2) its Sublicensee’s breach of this Agreement which shall be deemed a breach of this Agreement as if Zai had itself conducted the action or inaction that contributed to the breach of this Agreement; provided that Zai shall have the right to cure, if curable, such breach on behalf of such Sublicensee within [***] days following the receipt of notice of such breach.

(b) Restrictions. Zai shall not grant a sublicense to any Third Party that has been debarred or disqualified by any Governmental Authority or is subject to any proceedings, sanctions or fines under any Anti-Corruption Law. Zai shall ensure, prior to engaging any Third Party as a Sublicensee that such Third Party is subject to written agreements containing terms and conditions that: (i) require each such Sublicensee to protect and keep confidential any Confidential Information of the Parties, including in accordance with ARTICLE 10; (ii) provide TPTX with the right to audit (either by itself or through Zai or Zai’s designee) the books and records of each such Sublicensee in accordance with this Agreement (including pursuant to Sections 6.10, 9.6(b), 9.6(d), and 11.5(a)(iv)); (iii) do not impose any payment obligations or liability on TPTX; and (iv) are otherwise consistent with the terms of this Agreement. Zai shall provide a copy of the complete executed agreement with each Sublicensee to TPTX; provided that Zai shall be permitted to redact commercially sensitive economic terms of any such agreement which terms are not necessary for TPTX to confirm Zai’s compliance with its obligations hereunder.

2.4. License Grant to TPTX. Subject to the terms and conditions of this Agreement, Zai hereby grants to TPTX a perpetual, fully paid-up and royalty free, and sublicensable (in multiple tiers) license under Zai IP to exercise its Retained Rights, which shall be exclusive with respect to the Retained Rights in Section 2.2(b) and (c)(ii) and non-exclusive with respect to all other Retained Rights.

2.5. No Implied Licenses; Negative Covenant. Except as set forth herein, neither Party shall acquire any license or other intellectual property interest, by implication or otherwise, under any Know-How, trademarks, Patents of the other Party. Each Party shall not, and shall not permit any of its Affiliates or sublicensees to, practice any Patent or Know-How licensed to it by the other Party outside the scope of the licenses granted to it under this Agreement.
2.6. Exclusivity.

(a) Non-Compete.

(i) During the Term, except as provided in Section 2.6(b) below or otherwise expressly contemplated under this Agreement, Zai shall not, and shall cause its Affiliates, licensees, Sublicensees to not, engage in (independently or for or with any Third Party) any Development, Manufacture or Commercialization in or outside the Territory of any Competing Product other than the Licensed Compound and Products as permitted under this Agreement.

(ii) During the Term, except as provided in Section 2.6(b) below or otherwise expressly contemplated under this Agreement, TPTX shall not, and shall cause its Affiliates, and its licensees and sublicensees with respect to the Licensed Compound or Products to not, engage in (independently or for or with any Third Party) any Development, Manufacture or Commercialization in the Territory of any Competing Product other than the Licensed Compound and Products as permitted under the Retained Rights, except that TPTX may, and may allow its Affiliates and such licensees and sublicensees, to Manufacture or have Manufactured any Competing Product in the Territory solely to support the Development, Manufacture, use sale, offer for sale, import and other Commercialization of any Competing Product outside of the Territory.

(b) Change of Control; Acquisition.

(i) Change of Control of a Party. In the event that a Party or any of its Affiliates undergoes a Change of Control with a Third Party (an “Acquirer”), the restrictions set forth in Section 2.6(a) shall not apply to (1) any activities that would otherwise constitute a breach of Section 2.6(a), including a Competing Product that is being Developed, Manufactured, registered or Commercialized (collectively, “Competing Activities”), being performed by the Acquirer or its Affiliates at the closing of the applicable transaction, or (2) any Competing Activities undertaken after the closing of the Change of Control transaction by an Acquirer or its Affiliates (other than such Party or any of its Affiliates existing prior to the closing of such transaction), in each case of (1) and (2) as long as [***].

(ii) Acquisition of a Third Party by a Party. In the event that either Party or any of its Affiliates that is subject to the restrictions set forth in Section 2.6(a) merges or consolidates with, or otherwise acquires a Third Party (whether such transaction occurs by way of a sale of assets, merger, consolidation or similar transaction) (an “Acquired Party”) that is performing any Competing Activities at the closing of such transaction, the other Party shall have the right to terminate this Agreement with immediate effect upon written notice to such Party at any time after [***] months following such closing unless by the end of such [***] month period, such Party or such Party’s Acquired Party has (1) divested, or caused their respective Affiliate to have divested, whether by license or otherwise, its interest in the corresponding Competing Products or (2) terminated the corresponding performance of any Competing Activities with respect to the corresponding Competing Products, and provide the other Party with written confirmation of such divestment or termination. In the event such Party, after receiving such written notice from the other Party, in good faith disputes the existence of such Competing Activities, then such termination shall not become effective unless and until such dispute is resolved with a determination that such Competing Activities exist.
2.7. **TPTX’s Right of First Negotiation.** During the [***] day period following the Effective Date, Zai will provide [***]. TPTX will [***], with such notice to be given [***] the “Zai Pipeline Product”). For the avoidance of doubt, nothing contained herein shall obligate or require Zai to [***], and TPTX acknowledges and agrees that [***] and in such event, the Zai Pipeline Product will be [***]. Subject to the terms and conditions of this Agreement, Zai hereby grants to TPTX a right of first negotiation for an exclusive license to Develop and Commercialize the Zai Pipeline Product outside the Territory (the “TPTX ROFN”) as follows: (a) [***]; (b) upon filing of the IND for the Zai Pipeline Product, Zai shall promptly provide TPTX with written notice of such filing (the “TPTX ROFN Offer Notice”); (c) TPTX shall thereafter have [***] days following the date of TPTX’s receipt of such TPTX ROFN Offer Notice (the “TPTX ROFN Exercise Period”) to exercise the TPTX ROFN by providing Zai with written notice of its intent to obtain a license to the Zai Pipeline Product outside the Territory (the “TPTX ROFN Exercise Notice”); (d) if TPTX delivers such TPTX ROFN Exercise Notice prior to the expiration of the TPTX ROFN Exercise Period, TPTX shall have the exclusive right to negotiate with Zai, and the Parties shall negotiate in good faith, for a period of up to [***] days from the date of the TPTX ROFN Exercise Notice (or any additional period of time if mutually agreed in writing by the Parties) (the “TPTX ROFN Negotiation Period”) the terms and conditions of such license; and (e) if (i) TPTX does not provide Zai with a TPTX ROFN Exercise Notice prior to the expiration of the TPTX ROFN Exercise Period or (ii) TPTX provides Zai with a TPTX ROFN Exercise Notice prior to the expiration of the TPTX ROFN Exercise Period and the Parties fail to enter into a definite agreement regarding the terms and conditions with respect to such license prior to the expiration of the TPTX ROFN Negotiation Period, (1) the TPTX ROFN shall automatically expire on the applicable expiration date (the “TPTX ROFN Expiration”), which, with respect to the TPTX ROFN Exercise Period, shall be the last day of the TPTX ROFN Exercise Period, and with respect to the TPTX ROFN Negotiation Period, shall be the last day of the TPTX ROFN Negotiation Period; and (2) Zai shall be free to enter into a license agreement with a Third Party for the Development and Commercialization of such Zai Pipeline Product and Zai shall not have any further obligations to TPTX under this Section 2.7. Notwithstanding anything to the contrary, (w) the TPTX ROFN shall automatically expire, and Zai shall not have any further obligations to TPTX under this Section 2.7, upon [***], (w) the TPTX ROFN only applies to [***] in accordance with the foregoing, and [***] shall not be subject to the TPTX ROFN and Zai shall not have any further obligations to TPTX under this Section 2.7 with respect thereto; (x) the TPTX ROFN shall automatically expire and Zai shall not have any further obligations to TPTX under this Section 2.7 if [***]; (y) the TPTX ROFN only applies to the Zai Pipeline Product.
and not to any other Zai compounds or products; and (z) nothing in this Section 2.7 shall prevent Zai from negotiating or completing any transaction for the sale of all or substantially all of Zai’s business or assets (including the Zai Pipeline Product), whether by merger, sale of stock, sale of assets or otherwise, and the TPTX ROFN shall not apply to such transaction.

ARTICLE 3

GOVERNANCE

3.1. Alliance Managers. Within [***] days following the Effective Date, each Party shall appoint (and notify the other Party of the identity of) a representative having the appropriate qualifications (including a general understanding of pharmaceutical Development and Commercialization issues) to act as its alliance manager regarding Development, Manufacture and Commercialization of the Products in the Territory under this Agreement (the “Alliance Manager”). The Alliance Managers shall serve as the primary contact points between the Parties regarding the Product Development, Manufacture and Commercialization activities in the Territory contemplated under this Agreement. The Alliance Managers shall (a) facilitate the flow of information; (b) otherwise promote communication, coordination and collaboration between the Parties by providing single point communication for seeking consensus both internally within each Party’s respective organization, including facilitating review of external corporate communications, and raising cross-Party or cross-functional disputes in a timely manner; and (c) manage the JSC and JDC meetings by (i) calling meetings of the JSC and JDC; (ii) preparing and issuing minutes of each such meeting within ten (10) Business Days thereafter; and (iii) preparing and circulating an agenda for the upcoming meeting, in each case at the direction of and in consultation with the then-current chairperson. Each Party may replace its Alliance Manager by written notice to the other Party.

3.2. Joint Steering Committee.

(a) Formation. Within [***] days after the Effective Date, the Parties shall establish a joint steering committee (the “JSC”) to cooperate, coordinate, integrate and monitor the Development and Commercialization of the Products in the Field in the Territory under this Agreement. Each Party shall appoint [***] representatives (or such other equal number of representatives as agreed by the Parties in writing) to the JSC, each of whom shall be an officer or employee of the applicable Party having sufficient seniority within such Party to make decisions arising within the scope of the JSC’s responsibilities. Each Party may replace its JSC representatives upon written notice to the other Party; provided that the Parties shall use reasonable efforts not to make changes to such representatives during the first [***] months after establishment of the JSC. Upon the JSC’s establishment, a representative from Zai shall act as the chairperson of the JSC. Once a year, the role of chairperson shall rotate between the Parties. The chairperson shall not have any greater authority than any other representative of the JSC.

(b) Role. The JSC shall (i) provide a forum for the discussion of the Parties’ activities under this Agreement; (ii) review and discuss the overall strategy for the Commercialization of the Product in the Field in the Territory; (iii) overseeing the activities of the JDC, resolving any matter as to which the JDC has authority but cannot reach agreement, including approving the Clinical Development Plan or any amendment thereto, as applicable, and reviewing, discussing and approving any changes in the scope or direction of the Development work with Products in the Territory to be performed by Zai under this Agreement that would be a material deviation from the Clinical Development Plan, whether or not approved by the JDC; (iv) review and discuss the Commercialization Plan and amendments thereto; (v) establish subcommittees as necessary or advisable to further the purpose of this Agreement; and (vi) perform such other functions as expressly set forth in this Agreement or allocated to it by the Parties’ written agreement.

(c) Limitation of Authority. The JSC shall only have the powers expressly assigned to it in this ARTICLE 3 and elsewhere in this Agreement and shall not have the authority to:
(i) modify or amend the terms and conditions of this Agreement; (ii) waive either Party’s compliance with the terms and conditions of this Agreement; (iii) determine any such issue in a manner that would conflict with the express terms and conditions of this Agreement; (iv) make any decisions related to, or determine, approve or oversee the initiation, suspension, cessation, conduct, strategy, implementation of or other matters related to, any Global Study; or (v) impose any other obligations on either Party without the prior written consent of such Party.

(d) **Meetings.** The JSC shall hold meetings at such times as it elects to do so, but in no event shall such meetings be held less frequently than once every [***] months. Each Party may call additional ad hoc JSC meetings as the needs arise with reasonable advance notice to the other Party. Meetings of the JSC may be held in person, by audio or video teleconference; provided that at least [***] of the JSC shall be held in person unless otherwise agreed by the Parties. In-person JSC meetings shall be held at locations selected alternately by the Parties. Each Party shall be responsible for such Party’s expenses of participating in the JSC meetings. No action taken at any JSC meeting shall be effective unless at least [***] are participating in such JSC meeting.

(e) **Non-Member Attendance.** Each Party may from time to time invite a reasonable number of participants relevant to items on the issued agenda, in addition to its representatives, to attend the JSC meetings in a non-voting capacity; provided that if either Party intends to have any Third Party (including any consultant) attend such a meeting, such Party shall provide prior written notice to the other Party. Such Party shall also ensure that such Third Party is bound by confidentiality and non-use obligations consistent with the terms of this Agreement.

(f) **Decision-Making.** All decisions of the JSC shall be made by unanimous vote, with TPTX’s representatives collectively having one (1) vote and Zai’s representatives collectively having one (1) vote. If after reasonable discussion and good faith consideration of each Party’s view on a particular matter before the JSC, the JSC cannot reach a decision as to such matter within [***] days after such matter was brought to the JSC for resolution, such matter shall be referred by the Parties’ Alliance Managers to the Chief Executive Officer of TPTX (or a senior officer designated by the Chief Executive Officer of TPTX) and the Chief Executive Officer of Zai (or a senior officer designated by the Chief Executive Officer of Zai) (the “Executive Officers”) for resolution. [***].
Exchange of Information. The Parties shall cooperate to exchange information through the JSC with respect to Product Commercialization and medical affairs activities conducted by each Party and their Affiliates, in the case of Zai its Sublicensees, and in the case of TPTX its licensees of rights to Products outside the Territory to the extent permitted by such licensees.

3.3. Joint Development Committee.

(a) Formation. In accordance with Section 3.2(b)(v), the Parties shall establish a subcommittee to review and oversee the Development of the Product(s) in the Territory and to coordinate the Parties’ activities under this Agreement with respect to the Development of such Product(s) (the “JDC”) within [***] days after the establishment of the JSC by each Party appointing [***] representatives (or such other equal number of representatives as agreed by the Parties in writing) to the JDC, each of which shall have sufficient seniority and relevant expertise to make decisions within the scope of the JDC’s responsibilities. The JDC may change its size from time to time by mutual consent of the Parties; provided that the JDC shall consist at all times of an equal number of representatives of each Party. Each Party may at any time replace any one or more of its JDC representatives upon written notice to the other Party; provided that the Parties shall use reasonable efforts not to make changes to such representatives during the first [***] months after establishment of the JDC. A member of the JDC may also be a member of the JSC or any other subcommittee established by the JSC if so desired by the Party who appoints such member.

(b) Role. The JDC shall (i) provide a forum for the discussion of the Parties’ Product Development activities under this Agreement and status of Regulatory Submissions and Regulatory Approvals in the Territory; (ii) review, discuss and approve the Clinical Development Plan and amendments thereto; (iii) report safety issues of the Products to Regulatory Authorities; (iv) review data generated from the Clinical Trials of the Products in and outside the Territory; and (v) perform such other functions as expressly set forth in this Agreement or allocated to it by the Parties’ written agreement.

(c) Limitation of Authority. The JDC shall only have the powers expressly assigned to it in this ARTICLE 3 and elsewhere in this Agreement and shall not have the authority to: (i) modify or amend the terms and conditions of this Agreement; (ii) waive either Party’s compliance with the terms and conditions of this Agreement; (iii) determine any such issue in a manner that would conflict with the express terms and conditions of this Agreement; (iv) make any decisions related to, or determine, approve or oversee the initiation, suspension, cessation, conduct, strategy, implementation of or other matters related to any Global Study; or (v) impose any other obligations on either Party without the prior written consent of such Party.

(d) Meetings. The JDC shall hold meetings at such times as it elects to do so, but in no event shall such meetings be held less frequently than [***] until the date when Zai first receives a Regulatory Approval for the Product in the PRC. Thereafter, the JDC shall hold meeting no less frequently than once every [***] months. JDC meetings shall be held adjacently to JSC meetings to the extent possible. Each Party may call additional ad hoc JDC meetings as the needs arise with reasonable advance notice to the other Party. Meetings of the JDC may be held in person, by audio or video teleconference; provided that at least [***] of the JDC shall be held in person unless otherwise agreed by the Parties. In-person JDC meetings shall be held at locations selected alternately by the Parties. Each Party shall be responsible for such Party’s expenses of participating in the JDC meetings. No action taken at any JDC meeting shall be effective unless at least [***] representatives of each Party are participating in such JDC meeting.

(e) Non-Member Attendance. Each Party may from time to time invite a reasonable number of participants relevant to items on the issued agenda, in addition to its representatives, to attend the JDC meetings in a non-voting capacity; provided that if either Party intends to have any Third Party (including any consultant) attend such a meeting, such Party shall
provide prior written notice to the other Party. Such Party shall also ensure that such Third Party is bound by confidentiality and non-use obligations consistent with the terms of this Agreement.

(f) Decision-Making. All decisions of the JDC shall be made by unanimous vote, with TPTX’s representatives collectively having one (1) vote and Zai’s representatives collectively having one (1) vote. If after reasonable discussion and good faith consideration of each Party’s view on a particular matter before the JDC, the JDC cannot reach a decision as to such matter within [***] days after such matter was brought to the JSC for resolution, such matter shall be referred by the Parties’ Alliance Managers to the JSC for resolution in accordance with Section 3.2(f).

(g) Exchange of Information. The Parties shall cooperate to exchange information through the JDC and otherwise as reasonably requested by the other Party with respect to Product Development activities conducted by each Party and their Affiliates, in the case of Zai its Sublicensees, and in the case of TPTX its licensees of rights to Products outside the Territory to the extent permitted by such licensees. Such exchange shall include summaries of information relating to Product Development activities of each Party, including all Clinical Trials of the Products, IND and Regulatory Approval Application filings for all indications for the Products. For Clinical Trials of a Product that may be used to support Regulatory Approval for such Product in the other Party’s territory (including Global Studies), such exchange shall also include all data, results and analyses as reasonably requested by a Party, and the other Party shall have the right to use such data and results for the purpose of obtaining and maintaining Regulatory Approval for the Product in its territory.

3.4. Withdrawal. At any time during the Term and for any reason, TPTX shall have the right to withdraw from participation in the JSC or JDC upon written notice to Zai, which notice shall be effective immediately upon receipt. Following the issuance of a withdrawal notice and subject to this Section 3.4, TPTX’s representatives to the applicable committee shall not participate in any meetings of such committee. If, at any time following the issuance of a withdrawal notice, TPTX wishes to resume participation in the applicable committee, TPTX shall notify Zai in writing, and thereafter, TPTX’s representatives to such committee shall be entitled to attend any subsequent meeting of such committee and to participate in the activities of, and decision-making by, such committees as provided in this ARTICLE 3 as if a withdrawal notice had not been issued by TPTX. Following TPTX’s issuance of a withdrawal notice, unless and until TPTX resumes participation in the applicable committee in accordance with this Section 3.4 (a) all meetings of the applicable committee will be held at Zai’s facilities; and (b) TPTX shall have the right to continue to receive the minutes of such committee meetings, but shall not have the right to approve the minutes for any meeting of such committee held after TPTX’s issuance of a withdrawal notice.

ARTICLE 4

DEVELOPMENT TECHNOLOGY TRANSFERS

4.1. Access to Licensed Know-How. TPTX shall provide or make available to Zai all Licensed Know-How which exists as of the Effective Date, which provision or access shall occur in a manner and following a reasonable schedule proposed by TPTX and agreed by the JDC (to be completed within [***] days after the Effective Date or such later time as agreed by the JDC). During the Term, TPTX shall provide or make available Zai with additional Licensed Know-How, to the extent that such Licensed Know-How comes to TPTX’s attention (or is reasonably requested by Zai) and has not previously been provided or made available to Zai.

4.2. Assistance by TPTX. At Zai’s reasonable request, TPTX shall cooperate with Zai to provide reasonable technical assistance in connection with (a) the transfer to Zai of the Development of Products in the Territory and (b) the seeking of Regulatory Approval for Products in the Territory. Upon Zai’s request for any reasonable technical assistance, TPTX shall provide Zai with such reasonable technical assistance [***].
ARTICLE 5

DEVELOPMENT

5.1. Diligence and Responsibilities. Zai shall be primarily responsible for, and shall use Commercially Reasonable Efforts to conduct, all Development activities of the Products in the Field in the Territory in accordance with the Clinical Development Plan at Zai’s sole cost subject to Section 5.4(b). Zai shall perform such obligations under the Clinical Development Plan in a professional manner, and in compliance in all respects with the Clinical Development Plan and the requirements of Applicable Laws, GCP and cGMP. Changes in the scope or direction of the Development work under this Agreement that would be a material deviation from the Clinical Development Plan must be approved by the JSC as set forth in Section 3.2(b); provided that any change with respect to Joint Global Studies shall be consistent with the Joint Global Studies as set forth in the Global Development Plan.

5.2. Clinical Development Plan. The Parties shall undertake the Development of the Products in a collaborative and efficient manner in accordance with this ARTICLE 5. The Development of the Products relating to the Territory under this Agreement shall be governed by a written clinical development plan, as revised from time to time in accordance with this Section 5.2 (the “Clinical Development Plan”). The Clinical Development Plan shall include (a) an outline of Clinical Trials to be conducted by Zai in the Territory, including the Local Studies and Joint Global Studies; and (b) the material activities to be performed by the Parties to obtain the Regulatory Approvals for the Products in the Territory and to support the Joint Global Studies. The Clinical Development Plan shall contain in reasonable detail the major Development activities and the projected timelines for conducting such activities, including activities designed to achieve Regulatory Approvals for the Products in the Territory. As of the Effective Date, the Parties have agreed to an initial Clinical Development Plan, which is attached hereto as Schedule 5.2. From time to time, [***] Zai shall propose updates or amendments, if any, to the Clinical Development Plan in consultation with TPTX and submit such proposed updated or amended plan to the JDC for review, discussion and approval. In accordance with Section 3.3(b), the JDC shall review, discuss and approve any updates or amendments to the Clinical Development Plan; provided [***]. Zai may propose to [***].
For the avoidance of doubt, any proposed [***].

5.3. **Local Study.** Zai shall use Commercially Reasonable Efforts, be solely responsible for and have decision-making authority for performance of any Local Study (including handling relevant Regulatory Submissions for any Local Studies in the Territory at its own cost, as applicable, in accordance with ARTICLE 6); provided [***]. Each Local Study conducted in the Territory shall be conducted in accordance with the Clinical Development Plan, the study protocol approved by any relevant Regulatory Authority, and Applicable Laws in the Territory.

5.4. **Global Study.**

(a) **General.** TPTX may initiate, suspend, or cease a Global Study for any Product for any Indication. TPTX’s global Development of Products will be conducted pursuant to a written development plan, as amended from time to time by TPTX, subject to this Section 5.4 with respect to participation by Zai (the “Global Development Plan”). The Global Development Plan in effect as of the Effective Date, a copy of which TPTX has provided to Zai and also attached hereto as Schedule 5.4(a), identifies Global Studies that are planned to include clinical sites for Clinical Trials in the Territory (the “Existing Global Studies”). [***]. If TPTX amends the Global Development Plan after the Effective Date, [***].

(b) Zai (i) shall participate in the Existing Global Studies by coordinating clinical trial sites in the Territory and enrolling the percentage of the subjects for such Existing Global Studies as specified in the Global Development Plan existing as of the Effective Date, and (ii) may, in its sole discretion, agree to participate in a Global Study presented by TPTX other than any Existing Global Study (each of the Existing Global Studies and any such agreed Global Studies, a “Joint Global Study”). The Joint Global Studies that are Existing Global Studies are listed in Schedule 5.4(b). Zai shall be responsible for all activities (if any) associated with conducting each Joint Global Study in the Territory set forth in the Global Development Plan existing as of the Effective Date and each additional Joint Global Study as outlined in the plan for such Joint Global Study as mutually agreed by the Parties and any additional Joint Global Study so agreed between the Parties shall be included in an amendment to the Global Development Plan. Zai shall use Commercially Reasonable Efforts to [***]

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(c) Zai, itself or with or through any other of its Affiliates or Sublicensees, shall, in accordance with [***]. For any Joint Global Study, Zai shall be responsible for all costs incurred by or on behalf of Zai in the performance of such Joint Global Study in the Territory (except to the extent of assistance provided by TPTX without additional charge in accordance with Section 4.2), and TPTX shall be responsible for all other costs incurred for or in connection with such Joint Global Study.

(d) If Zai elects not to participate in any Global Study presented by TPTX (other than Existing Global Studies in which Zai will be participating) by notifying TPTX in writing of such election not to participate (or by failing to notify TPTX in writing of its election to participate) within [***] days after the date of TPTX’s presentation of such Global Study to the JDC, TPTX may conduct such Global Study in the Territory at its sole cost, but in conducting such Global Study, the Parties shall coordinate the Parties’ Development activities for the Product(s) in the Territory; provided, however, that
Development Reports. The status, progress and results of Zai’s Development activities under this Agreement shall be discussed at meetings of the JDC. At least [***] Business Days before each regularly scheduled JDC meeting, Zai shall provide the JDC with a written report detailing its Product Development activities and the results thereof, covering subject matter at a level of detail reasonably requested by TPTX and sufficient to enable TPTX to determine Zai’s compliance with its obligations pursuant to Section 5.1 to Section 5.4. Through the JDC, each Party shall keep the other Party reasonably informed on the Development of the Product conducted by or on behalf of such Party. In addition, each Party shall make available to the other Party such additional information about its Development activities with Products as may be reasonably requested by the other Party from time to time. All updates and reports provided by a Party pursuant to this Section 5.5 shall be the Confidential Information of such Party.

Records. Each Party shall maintain appropriate records in either tangible or electronic form of all significant Development, packaging or labeling, Manufacture (in the case of Zai, after the Manufacturing Technology Transfer), regulatory or Commercialization of a Product, in each case in accordance with its usual documentation and record retention practices. Such records shall be in sufficient detail to properly reflect, in a good scientific manner, all significant work done, and the results of studies and trials undertaken and, further, shall be at a level of detail appropriate for patent and regulatory purposes. Each Party shall document all non-clinical studies and Clinical Trials in formal written study reports according to Applicable Laws and national and international guidelines. Upon a Party’s reasonable request, the other Party shall, and shall cause its Affiliates and, in the case of Zai, Sublicensees, to provide to the first Party copies of such records of Development, packaging or labeling, Manufacture (in the case of Zai, after the Manufacturing Technology Transfer), regulatory and Commercialization activities to the extent necessary for the Development, packaging or labeling, Manufacture (in the case of Zai, after the Manufacturing Technology Transfer), and Commercialization of the Product in the other Party’s territory, including for regulatory and patent purposes. All such records, reports, information and data of a Party provided to the other Party shall be the Confidential Information of the providing Party.
5.7. **Clinical Trial Audits.** TPTX or its representatives may conduct an audit of Zai, its Affiliates, or any Sublicensees or subcontractors, and all Clinical Trial sites engaged by Zai or its Affiliates or Sublicensees or subcontractors to perform Zai’s obligations under any Clinical Development Plan, in each case, to ensure that the applicable Clinical Trials are conducted in compliance with the Clinical Development Plan, GCP, and Applicable Laws; provided that in the event any such audit of Zai’s subcontractors or Clinical Trial sites engaged by Zai or its Affiliates or Sublicensees or subcontractor requires Zai’s assistance, Zai shall provide TPTX or its representatives with such assistance, to the extent reasonable, including providing personnel of Zai to be present for such audit and producing any documents or authorizations allowing TPTX or its representatives to conduct such audit, to the extent reasonable. TPTX may conduct such audit no more than [***] (unless an additional audit is warranted for cause) upon [***] days’ prior written notice to Zai. No later than [***] days after the completion of such audit, TPTX shall provide Zai with a written summary of TPTX’s findings of any deficiencies or other areas of remediation that TPTX identifies during any such audit. Zai shall use Commercially Reasonable Efforts to respond or remediate any such deficiencies within [***] days following TPTX’s receipt of such report. Without limiting the foregoing, Zai shall have the right to be present at any such audit conducted by TPTX pursuant to this Section 5.7 of any Sublicensees, subcontractors or Clinical Trial sites. With respect to any Clinical Trial in a Joint Global Study in the Territory or Local Study, if the Parties acting reasonably and in good faith agree that any deficiencies with respect to a Clinical Trial site identified pursuant to an audit (each, a “Deficient Site”) may cause a Regulatory Authority to reject or otherwise deem deficient the Clinical Trial data from the conduct of any such Clinical Trial at such Deficient Site, then TPTX shall notify Zai of such Deficient Site and the Parties shall discuss and attempt to agree upon a remediation plan for such Deficient Site. If the Parties cannot agree to such a remediation plan for a Deficient Site, then Zai shall promptly remove such Deficient Site from such Clinical Trial and replace such Deficient Site with a new Clinical Trial site (a “Replacement Site”) in the Territory, and Zai shall be solely responsible for the costs of such replacement (unless not permitted by Applicable Law or for ethical reasons). Any such Replacement Site shall be compliant in all respects with Applicable Law.

**ARTICLE 6**

**REGULATORY**

6.1. **Zai’s Responsibilities.** Zai shall be responsible for (a) all regulatory activities leading up to and including the obtaining of the Regulatory Approval for a Product from the Regulatory Authority on a region-by-region basis in the Territory, at its sole cost and expense, except as set forth in the Global Development Plan and Clinical Development Plan; and (b) hold and maintain all Regulatory Approvals [***]. Subject to the terms and conditions of this Agreement, TPTX shall [***] and Zai shall use Commercially Reasonable Efforts to obtain Regulatory Approvals for Products in the Territory in accordance with the Clinical Development Plan and Zai shall be solely responsible for all costs and expenses incurred in connection with performing such activities in the Territory; provided that TPTX shall

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6.2. **Review of Regulatory Submissions.** Zai shall provide to TPTX for review and comment drafts of all Regulatory Submissions in the Territory for the Products no later than [***] days prior to the planned submission. Zai shall incorporate any comments received from TPTX on such Regulatory Submissions where required under any Applicable Laws and shall consider in good faith any other comments received from TPTX on such Regulatory Submissions. In addition, Zai shall notify TPTX of any material Regulatory Submissions for the Products and any other material documents, comments or other correspondences related thereto submitted to or received from any Regulatory Authority in the Territory and shall provide TPTX with copies thereof as soon as reasonably practicable, but in all events within [***] days after submission or receipt thereof. If any such Regulatory Submission, comment, or correspondence is not in English, then, in addition to a copy thereof in its original language, (a) Zai shall also provide TPTX with an English summary thereof within the corresponding timelines as set forth in this ARTICLE 6 at Zai’s cost; and (b) upon TPTX’s reasonable request, provide TPTX with an English translation thereof at TPTX’s cost.

6.3. **Notice of Meetings.** Zai shall provide TPTX with notice of any meeting or discussion with any Regulatory Authority in the Territory related to any Product no later than [***] Business Days after receiving notice thereof. Zai shall lead any such meeting or discussion and TPTX or its designee shall have the right, but not the obligation, to attend and participate in any such meeting or discussion unless prohibited or restricted by Applicable Laws or Regulatory Authority. At Zai’s request, TPTX shall reasonably cooperate with Zai in preparing for any such meeting or discussion. If TPTX elects not to attend such meeting or discussion, then Zai shall provide to TPTX a written summary thereof in English promptly following the issuance or approval of the corresponding official minutes by the applicable Regulatory Authority.

6.4. **Notice of Regulatory Action.** If any Regulatory Authority takes or gives notice of its intent to take any regulatory action with respect to any activity of Zai relating to any Product, then Zai shall notify TPTX of such contact, inspection, or notice or action within [***] Business Days after receipt of such notice (or, if action is taken without notice, within [***] Business Days of Zai becoming aware of such action). TPTX shall have the right to review and comment on any responses to Regulatory Authority that pertain to a Product in the Territory.

6.5. **TPTX’s Responsibilities.** TPTX shall reasonably cooperate with Zai in obtaining any Regulatory Approvals for a Product in the Territory by providing, to the extent reasonably requested by Zai, access to Regulatory Approvals, Regulatory Submissions, clinical data, and other data, information, and documentation for the Product outside of the Territory pursuant to ARTICLE 4. In addition, upon Zai’s reasonable request, TPTX shall, and shall cause its Affiliates and sublicensees (to the extent permitted in such sublicensees’ agreement with TPTX), to provide to Zai copies of such records of Development, Manufacturing, and Commercialization activities to the extent necessary or reasonably useful to obtain Regulatory Approval of the Product in the Territory. [***].

6.6. **No Harmful Actions.** If TPTX believes that Zai is taking or intends to take any action with respect to a Product that could have a material adverse impact upon the regulatory status of the Product outside the Territory, TPTX shall have the right to bring the matter to the attention of the JDC and the Parties shall discuss in good faith to resolve such concern. Without limiting the foregoing, unless the Parties otherwise agree: (a) Zai shall not communicate with any Regulatory Authority having jurisdiction outside the Territory, unless so ordered by such Regulatory Authority, in which case Zai
shall immediately notify TPTX of such order; and (b) Zai shall not submit any Regulatory Submissions or seek Regulatory Approvals for the Product outside the Territory.

6.7. **Notification of Threatened Action.** Each Party shall within [***] notify the other Party of any information it receives regarding any threatened or pending action, inspection or communication by any Third Party, which would reasonably be expected to affect the safety or efficacy claims of any Product or the continued marketing of any Product (as to TPTX’s notification obligation, only to the extent it would reasonably be expected to affect the Territory). Upon receipt of such information, the Parties shall consult with each other in an effort to arrive at a mutually acceptable procedure for taking appropriate action with respect to the Territory.

6.8. **Right of Reference.**

(a) Zai hereby grants to TPTX the right of reference to all Regulatory Submissions pertaining to the Product in the Field submitted by or on behalf of Zai or its Affiliates (and all data contained or referenced therein), with the right to grant further rights of reference to TPTX’s licensees with respect to Products. TPTX and its Affiliates (and any licensee to whom it may grant a further right of reference) may use the right of reference to Zai’s Regulatory Submissions in the Field solely for the purpose of seeking, obtaining and maintaining the Regulatory Approval of the Products outside the Territory.

(b) TPTX hereby grants to Zai the right of reference to all Regulatory Submissions pertaining to the Product in the Field submitted by or on behalf of TPTX or its Affiliates (to the extent included in the definition of Licensed Know-How) (and all data contained or referenced therein), subject to Section 5.4(d) as to the Licensed Know-How contained therein, with the right to grant further rights of reference to Sublicensees. Zai and its Affiliates (and any Sublicensee to whom it may grant a further right of reference) may use such right of reference to TPTX’s Regulatory Submissions in the Field solely for the purpose of seeking, obtaining and maintaining the Regulatory Approval of the Products in Field in the Territory.

6.9. **Adverse Events Reporting.**

(a) Promptly following the Effective Date, but in no event later than [***] days thereafter, Zai and TPTX shall develop and agree to the worldwide safety and pharmacovigilance procedures for the Parties with respect to the Products, such as safety data sharing and exchange, Adverse Events reporting and prescription events monitoring in a written agreement (the “Pharmacovigilance Agreement”). Such agreement shall describe the coordination of collection, investigation, reporting, and exchange of information concerning Adverse Events or any other safety problem of any significance, and product quality and product complaints involving Adverse Events, sufficient to permit each Party, its Affiliates, licensees or sublicensees to comply with its legal obligations. The Pharmacovigilance Agreement shall be promptly updated if required by changes in legal requirements. Each Party hereby agrees to comply with its respective obligations under the Pharmacovigilance Agreement and to cause its Affiliates, licensees and sublicensees to comply with such obligations. To the extent there is any disagreement between this Section 6.9, Section 6.10, or any related definitions and the Pharmacovigilance Agreement, the Pharmacovigilance Agreement shall control with respect to safety matters and this Agreement shall control with respect to all other matters.

(b) Zai shall be responsible for complying with all Applicable Laws governing Adverse Events in the Territory for all Clinical Trials performed by Zai, including the Local Studies and Joint Global Studies, and TPTX shall be responsible for complying with all Applicable Laws covering Adverse Events (i) in the Territory for all Clinical Trials performed by TPTX for the Global Studies that Zai does not participate in and (ii) outside the Territory for all Clinical Trials.

(c) TPTX shall hold and control the global safety database for all Products and for the exchange by the Parties in English of any information which a Party becomes aware of concerning
any Adverse Event experienced by a subject or patient being administered any Product, including any such information received by either Party from any Third Party (subject to receipt of any required consents from such Third Party). It is understood that each Party and its Affiliates, licensees and sublicensees shall have the right to disclose such information if such disclosure is reasonably necessary to comply with Applicable Laws or requirements of any applicable Regulatory Authority.

6.10. Safety and Regulatory Audits. In addition to the audit rights under Section 5.7, upon reasonable notification, TPTX shall be entitled to conduct an audit of safety and regulatory systems, procedures and practices of Zai, including on-site evaluations to the extent permitting such on-site evaluations is in the control of Zai. TPTX may conduct such audit no more than [***] (unless an additional audit is warranted for cause) upon [***] days’ prior written notice to Zai. With respect to any inspection of Zai or its Affiliates or Sublicensees (including Clinical Trial sites) by any Governmental Authority relating to any Product, Zai shall notify TPTX of such inspection (a) no later than [***] Business Days after Zai receives notice of such inspection or (b) within [***] Business Day after the completion of any such inspection of which Zai did not receive prior notice. Zai shall promptly provide TPTX with all information related to any such inspection. Zai shall also permit Governmental Authorities outside of the Territory to conduct inspections of Zai or its Affiliates or Sublicensees (including Clinical Trial sites) relating to the Product, and shall ensure that all such Affiliates or Sublicensees permit such inspections. TPTX shall have the right, but not the obligation (unless required by Applicable Law or any Governmental Authority), to be present at any such inspection. Following any such regulatory inspection related to the Product, Zai shall provide TPTX with (i) an unredacted copy of any finding, notice, or report provided by any Governmental Authority related to such inspection (to the extent related to the Product) within [***] days of Zai receiving the same, and (ii) in the event that such findings, notice, or report [***] of any material finding, notice, or report of a Governmental Authority related to such inspection (to the extent related to the Product) within [***] days after receiving the same. Further details including notification, timing, response and scope of such audits shall be included in the Pharmacovigilance Agreement.

6.11. Remedial Actions. Each Party shall notify the other immediately, and promptly confirm such notice in writing, if it obtains information indicating that any Product may be subject to any recall, corrective action or other regulatory action by any Governmental Authority or Regulatory Authority (as to TPTX’s notification obligation, only to the extent it would reasonably be expected to affect the Territory) (a “Remedial Action”). The Parties shall assist each other in gathering and evaluating such information as is necessary to determine the necessity of conducting a Remedial Action with respect to the Territory. Zai shall have sole discretion with respect to any matters relating to any Remedial Action in the Territory, including the decision to commence such Remedial Action and the control over such Remedial Action; provided that TPTX shall have sole discretion with respect to any matters relating to any Remedial Action in the Territory to the extent related to any Global Study. The cost and expenses of any Remedial Action in the Territory shall be borne solely by the Party with sole discretion; provided, however, that to the extent a Remedial Action in the Territory results primarily from the failure of the Product supplied by TPTX to comply with the Product Specifications, product warranties (as set forth in the Supply Agreement) or any Applicable Law, including cGMP requirements, then TPTX shall reimburse Zai for the reasonable cost and expense of such Remedial Action if this is required and after consultation with TPTX. Each Party shall, and shall ensure that its Affiliates and sublicensees shall, maintain adequate records to permit the Parties to trace the distribution and use of the Product in the Territory.

ARTICLE 7
MANUFACTURING

7.1. Packaging and Labeling. Subject to the terms and conditions of this Agreement, Zai shall (a) have the right to package or label the Products in or outside the Territory, and (b) upon its written notice to TPTX of its exercise of such right, for instances in which it exercises such right, be
responsible for, and use Commercially Reasonable Efforts to package or label the Products in or outside the Territory solely for the Development and Commercialization of the Products in the Field in the Territory, at its sole cost and expense.

7.2. Manufacturing Supply of Products. Subject to Section 7.3, TPTX shall be solely responsible (itself or through its Affiliate or CMO) for the Manufacture of the Product for Development and Commercialization by Zai and its Affiliates and Sublicensees in the Territory. Customary terms of forecasting and ordering procedures, Product Specifications, and other operational matters relating to the supply of the Product under this Section 7.2 shall be set forth in a supply agreement to be mutually agreed upon by the Parties within [***] days following the Effective Date or such longer period as agreed by the Parties (the “Supply Agreement”). In connection with such Supply Agreement, the Parties shall enter into a quality agreement governing the Product Specifications and other technical aspects of the Product (the “Quality Agreement”). Subject to the terms of this ARTICLE 7, the Supply Agreement and Quality Agreement, TPTX shall, itself or through one or more CMOs, [***].erty. The Supply Agreement will include other customary terms for the clinical and commercial supply of pharmaceutical products, including (i) pro rata allocation of Products among TPTX and its Affiliates and licensees (including Zai and its Affiliates and Sublicensees) and (ii) other appropriate remedies, in each case of (i) and (ii), in a manner and under the circumstances mutually agreed by the Parties. Zai or its Affiliates shall (1) obtain and maintain all required export or import licenses or authorizations, and shall serve as importer of record for all Products delivered in or into any region in the Territory pursuant to this Agreement and the Supply Agreement; and (2) be responsible for shipment and insurance from TPTX’s or its CMO’s facility and all customs’ duties, import tariffs, taxes, freight, insurance, inspection costs and the like attributed to or for the transport and importation of the Product in or into any region in the Territory.

7.3. Manufacturing Technology Transfer. If Zai [***]; and (b) [***], then (1) the Parties would enter into an amendment to this Agreement pursuant to which TPTX would grant to Zai a non-exclusive, sublicenseable (subject to the same terms as a sublicense under Licensed Technology pursuant to Section 2.3) license under Manufacturing Technology to Manufacture and have Manufactured (through a qualified CMO mutually acceptable to the Parties) the Product in the Territory solely for use in Development and Commercialization of the Product in the Field in the Territory, where “Manufacturing Technology” means any and all (i) Patents Controlled by TPTX or its Affiliates as of the date of grant of such license or thereafter during the Term that cover the method of manufacture of the Product in the Territory, and (ii) Know-How Controlled by TPTX or its Affiliates as of the date of grant of such license or thereafter during the Term that is used by or on behalf of TPTX for the Manufacture of the Products in the Field in the Territory; provided that, notwithstanding the foregoing, in the event a Change of Control of TPTX occurs after the Effective Date, Patents or Know-How Controlled by any Affiliate of TPTX that was not an Affiliate of TPTX immediately prior to such Change of Control transaction shall not be Manufacturing Technology except to the extent such Patent or Know-How falls within the definition of Manufacturing Technology and (A) is also Controlled by TPTX or its Affiliate existing immediately prior to such transaction or (B) is generated or used by such Affiliate in the Manufacture of the Licensed Compound or Product after such transaction; and (2) at Zai’s sole cost, TPTX shall (A) transfer all Know-How within the Manufacturing Technology to Zai or its permitted CMO; and (B) provide any and all necessary assistance to Zai or such permitted CMO at Zai’s cost (clauses (A) and (B), the “Manufacturing Technology Transfer”).
ARTICLE 8
COMMERCIALIZATION; MEDICAL AFFAIRS

8.1. General. Zai shall be solely responsible for, and use Commercially Reasonable Efforts to Commercialize and obtain pricing and reimbursement approvals for the Products in the Field in the Territory in accordance with the Commercialization Plan, at its sole cost and expense. Upon Zai’s reasonable request, TPTX shall reasonably assist Zai in such Commercialization of the Products.

8.2. Commercialization Plan. The Commercialization Plan shall contain in reasonable detail the significant Commercialization activities and the projected timelines for achieving such activities, including in the Territories. Zai shall deliver an initial Commercialization Plan to the JSC for review and discussion no later than of the first Regulatory Approval Application for a Product in the Territory. Thereafter, from time to time, but at least once every months, Zai shall propose updates or amendments to the Commercialization Plan to reflect changes in such plans, including those in response to changes in the marketplace, relative success of the Products, and other relevant factors influencing such plan and activities, and submit such proposed updated or amended Commercialization Plan to the JSC. In preparing the initial Commercialization Plan and any updates or amendments thereto, Zai shall provide TPTX with an opportunity to comment and Zai shall consider any TPTX’s comments in good faith in finalizing the initial Commercialization Plan and any updates or amendments thereto.

8.3. Commercialization Reports. Zai shall update the JSC at each regularly scheduled JSC meeting regarding Zai’s Commercialization activities with respect to the Products in the Territory. Each such update shall be in a form to be agreed by the JSC and shall summarize Zai’s, its Affiliates’ and Sublicensees’ significant Commercialization activities with respect to the Products in the Territory, covering subject matter at a level of detail reasonably required by TPTX and sufficient to enable TPTX to determine Zai’s compliance with its diligence obligations pursuant to Section 8.1. In addition, Zai shall make available to TPTX such additional information about its Commercialization activities as may be reasonably requested by TPTX from time to time. All updates and reports generated pursuant to this Section 8.3 shall be the Confidential Information of Zai.

8.4. Product Trademarks. Zai may use (pursuant to this Section 8.4) the trademarks Controlled by TPTX in the Territory as TPTX may provide to Zai in writing from time to time (the “TPTX Product Marks”) and may use the English mark thereof with Chinese phonetic translation below. TPTX hereby grants to Zai, during the Term and subject to the terms and conditions of this Agreement, a royalty-free, exclusive license under TPTX’s rights to use such TPTX Product Marks in connection with the Commercialization of the Products in the Field in the Territory in compliance with Applicable Laws and this Agreement. Zai shall comply with TPTX’s brand usage guidelines provided to Zai in its use of the TPTX Product Marks. Zai may also brand the Products in the Territory using other trademarks, logos, and trade names specific for the Products that differ from the TPTX Product Marks and do not contain the name of TPTX; provided, however, that (a) prior to such use, Zai shall submit such trademarks, logos and trade names for TPTX’s prior written approval (not to be unreasonably withheld, delayed or conditioned), and (b) such trademarks, logos and trademarks shall be deemed owned by Zai (the “Product Marks”). Zai shall own all rights in the Product Marks in the Territory and shall register and maintain the Product Marks in the Territory that it determines reasonably necessary.

8.5. Commercialization Assistance. [***] provide assistance to Zai at Zai’s request for the Commercialization activities, including assistance pursuant to Sections 8.1 and 8.4 as requested by Zai.
8.6. **No Diversion.** Each of TPTX and Zai hereby covenants and agrees that (a) it shall not, and shall ensure that its Affiliates and sublicensees shall not, directly or indirectly, promote, market, distribute, import, sell or have sold the Products, including via internet or mail order, outside its territory; (b) with respect to any country or region outside its territory, it shall not, and shall ensure that its Affiliates and their respective sublicensees shall not: (i) unless otherwise agreed by the Parties in writing, establish or maintain any branch, warehouse or distribution facility for Products in such countries (except, in the event such Party is Zai, Zai shall have the right to maintain one or more warehouses outside the Territory solely to support the packaging and labelling activities of the Products by Zai or its Affiliates outside the Territory and, in the event such Party is TPTX, TPTX shall have the right to maintain one or more warehouses in the Territory solely to support the retained Rights), (ii) engage in any advertising or promotional activities relating to Products that are directed primarily to customers or other purchaser or users of Products located in such countries, (iii) solicit orders for Products from any prospective purchaser located in such countries, or (iv) sell or distribute Products to any Person in such Party’s territory who intends to sell or has in the past sold Products in such countries; (c) if a Party receives any order for any Product from a prospective purchaser reasonably believed to be located in a region or country outside its territory, such Party shall promptly refer that order to the other Party, and such Party shall not accept any such orders; (d) neither Party shall deliver or tender (or cause to be delivered or tendered) Products into a country or region outside its territory; and (e) each Party shall not, and shall ensure that its Affiliates and their respective sublicensees shall not, knowingly restrict or impede in any manner the other Party’s exercise of its exclusive rights to Commercialize the Products in the other Party’s territory. For the purpose of this Agreement, Zai’s territory shall mean the Territory and TPTX’s territory shall mean all countries and regions outside the Territory.

8.7. **TPTX Acquirer’s Right of First Negotiation.** Zai hereby grants to TPTX for the benefit of the Third Party that is the acquirer of TPTX in a Change of Control of TPTX (the “TPTX Acquirer”) a right of first negotiation to co-Commercialize the Products in the Territory (the “TPTX Acquirer ROFN”) in accordance with this Section 8.7. Following a Change of Control of TPTX, TPTX Acquirer may provide written notice to Zai of its interest in negotiating an agreement with Zai to co-Commercialize the Products in the Territory (the “TPTX Acquirer ROFN Exercise Notice”). If TPTX Acquirer delivers such TPTX Acquirer ROFN Exercise Notice, TPTX Acquirer shall have the exclusive right to negotiate with Zai for a period up to [***] days from the date of the TPTX Acquirer ROFN Exercise Notice (or any additional period of time if mutually agreed in writing by TPTX Acquirer and Zai) (the “TPTX Acquirer ROFN Negotiation Period”) the terms and conditions of such agreement to co-Commercialize the Products in the Territory. If the TPTX Acquirer ROFN Exercise Notice has not been received by Zai on or prior to the date Zai files the first Regulatory Approval Application for the first Product in the Territory, the TPTX Acquirer ROFN shall automatically expire upon such date, and Zai shall thereafter be free to enter into an agreement with a Third Party for the co-Commercialization of any and all Products in the Territory. If TPTX Acquirer provides Zai with a TPTX Acquirer ROFN Exercise Notice prior to the expiration of the TPTX Acquirer ROFN and Zai and TPTX Acquirer fail to enter into a definitive agreement regarding the terms and conditions with respect to any country or region outside its territory, it shall not, and shall ensure that its Affiliates and its respective sublicensees shall not, knowingly restrict or impede in any manner the other Party’s exercise of its exclusive rights to Commercialize the Products in the other Party’s territory. For the purpose of this Agreement, Zai’s territory shall mean the Territory and TPTX’s territory shall mean all countries and regions outside the Territory.

8.8. **Medical Affairs.** Zai shall be solely responsible, at its sole cost and expense, for conducting medical affairs activities with respect to the Products in the Territory, including communications with key opinion leaders, medical education, symposia, advisory boards (to the extent related to medical affairs or clinical guidance), publications, congress presentations and posters, published manuscripts, activities performed in connection with patient registries and post-approval trials, and other medical programs and communications, including educational grants, research grants (including conducting investigator-initiated studies), and charitable donations to the extent related to medical affairs and not to other activities that do not involve the promotion, marketing, sale, or other Commercialization of the Products, all of which shall be conducted in accordance with Applicable Law.
Zai shall update the JSC at each regularly scheduled JSC meeting regarding Zai’s medical affairs activities. Each such update shall be in a form to be agreed by the JSC and shall summarize Zai’s, its Affiliates’ and Sublicensees’ significant Commercialization activities with respect to the Products in the Territory, covering subject matter at a level of detail reasonably required by TPTX and sufficient to enable TPTX to determine Zai’s compliance with its diligence obligations pursuant to Section 8.1. In addition, Zai shall make available to TPTX such additional information about its Commercialization activities as may be reasonably requested by TPTX from time to time. All updates and reports generated pursuant to this Section 8.8 shall be the Confidential Information of Zai.

ARTICLE 9

PAYMENTS AND MILESTONES

9.1. Upfront Payment. In partial consideration of the licenses and rights granted by TPTX to Zai hereunder, Zai shall pay to TPTX a one-time, irrevocable, non-refundable, non-creditable amount of twenty-five million U.S. Dollars ($25,000,000) (the “Upfront Payment”) within [***] days of the Effective Date.

9.2. Development Milestones Payments to TPTX.

(a) In partial consideration of the rights granted herein, when the Product first achieves the Milestone Events set forth below (each such event, a “Development Milestone Event”), Zai shall pay to TPTX the following one-time, irrevocable, non-refundable, non-creditable Development milestone payments (each such payment, a “Development Milestone Payment”) within [***] days of the achievement of the corresponding Milestone Events.

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(b) For the avoidance of doubt, (i) each Development Milestone Payment shall be payable on the first occurrence of the corresponding Development Milestone Event for a Product, whether such Development Milestone Event is achieved through the Development of a Product as a Monotherapy or a Combination Therapy involving the Product, and (ii) none of the Development Milestone Payments shall be payable more than once, other than [***].

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For clarity, any achievement of any event above solely through the Development of the Other Component (and not the Licensed Component) of a Combination Product shall not be deemed an achievement of any Development Milestone Event and shall not trigger any Development Milestone Payment. In the event the Development Milestone Event [***] shall be payable. [***]. In the event the Development Milestone Event pairs of [***] shall be payable. [***]. Subject to the foregoing, [***] shall be payable, only once for a given Product [***].

9.3. Sales Milestones.

(a) In partial consideration of the rights granted herein, Zai shall pay to TPTX the following one-time, irrevocable, non-refundable, non-creditable milestone payments (each such payment, a “Net Sales Milestone Payment”) for the achievement of the corresponding Net Sales milestone events set forth below (each such event, a “Net Sales Milestone Event”) within [***] days after the end of the Calendar Quarter in which the Net Sales Milestone Event is achieved.

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(b) For the avoidance of doubt (i) each Net Sales Milestone Payment shall be payable on the first occurrence of the corresponding Net Sales Milestone Event, and (ii) none of the Net Sales Milestone Payments shall be payable more than once. If annual Net Sales in a given Calendar Year exceed more than one (1) applicable threshold, then all corresponding Net Sales Milestone Payments shall be payable.

9.4. Royalties.

(a) Royalty Payment. During the Royalty Term, Zai shall pay to TPTX tiered royalties as calculated by multiplying the applicable royalty rate set forth in the table below by the corresponding amount of incremental, aggregated Net Sales of all Products in the Territory in a Calendar Year (a “Royalty Payment”). The tiered royalty rates on Net Sales shall be as set forth below:

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<th>For that portion of annual Net Sales in a Calendar Year</th>
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(b) Royalty Term. The Royalty Payments payable under this Section 9.4 shall be payable on a Product-by-Product and region-by-region basis from the first occurrence of Net Sales of the applicable Product in such region until the later of: (i) the date the last-to-expire Valid Claim in such region expires; (ii) the expiry of the regulatory exclusivity for such Product in such region; or (iii) the close of business of the day that is exactly ten (10) years after the date of the First Commercial Sale of such Product in such region (the “Royalty Term”).
(c) Royalty Reductions.

(i) During the Royalty Term for a Product in a region in the Territory, subject to Section 9.4(c)(iv), the royalty rate applicable to Net Sales of such Product in such region shall be reduced by [***] after the expiration of the last-to-expire Valid Claim in such region.

(ii) During the Royalty Term for a Product in a region in the Territory, subject to Section 9.4(c)(iv), the royalty rate applicable to Net Sales of such Product in such region shall be reduced by [***] starting from the Calendar Quarter in which a Generic Competition with respect to such Product occurs in such region.

(iii) If Zai reasonably determines in good faith after advice of counsel that it is [***] and enters into such a license, subject to Section 9.4(c)(iv), Zai shall have the right to deduct, from the royalty payment that would otherwise have been due pursuant to this Section 9.4, an amount equal to [***] of the royalties paid by Zai to such Third Party pursuant to such license on account of the sale of the Product in the Territory; provided that (1) prior to entering into such license, Zai shall [***]; and (2) in the event [***], (A) [***], (B) [***], and (C) [***], then the Parties shall [***] (and, for clarity, [***]). Within [***] days following the execution of any such Third Party license, Zai shall provide TPTX with a true and complete copy of such Third Party license. In addition, subject to Section 9.4(c)(iv), Zai shall have the right to deduct, from the royalty payment that would otherwise have been due pursuant to this Section 9.4, an amount equal to [***].

(iv) Notwithstanding the foregoing, in no event shall the operation of Section 9.4(c)(i) through 9.4(c)(iii), individually or in combination, reduce the royalties payable by Zai to TPTX with respect to the Net Sales of any Product in any region in the Territory in any Calendar Quarter to an amount less than [***] of the amount that would otherwise have been due pursuant to Section 9.4(a) with respect to such Net Sales.

(d) Royalty Estimate and Royalty Reports. Following the First Commercial Sale of a Product for which royalties are due pursuant to this Section 9.4, and continuing for so long as royalties are due hereunder:

(i) Zai shall, within [***] Business Days after the end of each Calendar Quarter, provide TPTX with a good faith estimate of the royalties due for such Calendar Quarter.

(ii) Zai shall, within [***] days after the end of each Calendar Quarter, provide TPTX with a royalty report (in a template agreed to by the Parties) showing, on a region-by-region basis:
the gross sales and Net Sales of each Product sold by Zai, its Affiliates and Sublicensees during such Calendar Quarter reporting period and supporting gross-to-net calculations;

(2) the Royalty Payments in United States dollars which shall have accrued hereunder with respect to such Net Sales, with supporting calculations showing the applicable royalty rate applied and any royalty reduction taken; and

(3) the rate of exchange with supporting calculations, determined in accordance with Section 9.5(b), used by Zai in determining the amount of United States dollars payable hereunder.

(e) Royalty Payment. After the receipt of each royalty report provided by Zai under Section 9.4(d) above, TPTX shall issue to Zai an invoice for the amount of Royalty Payment set forth therein. Zai shall pay to TPTX the royalties for each Calendar Quarter within [***] days after the receipt of the invoice from TPTX. If no royalty is due for any Calendar Quarter following commencement of the reporting obligation, Zai shall so report.

9.5. Payment.

(a) Mode of Payment. All payments to be made under this Agreement shall be made in U.S. Dollars and shall be paid by electronic transfer in immediately available funds to such bank account in the United States as is designated in writing by TPTX. All payments shall be free and clear of any transfer fees or charges.

(b) Currency Exchange Rate. All payments under this Agreement shall be payable in U.S. Dollars. The rate of exchange to be used in computing the amount of currency equivalent in U.S. Dollars for calculating Net Sales in a Calendar Quarter (for purposes of both the royalty calculation and whether a Net Sales milestone has been achieved) shall be made at the average exchange rate as published by the Wall Street Journal for such Calendar Quarter, or such other source as the Parties may agree in writing.

(c) Payment Timeline. Except as otherwise provided in this Agreement, all payments to be made by one Party to the other Party under this Agreement shall be due within [***] days following such Party’s receipt of an invoice from the other Party.

9.6. Audits.

(a) Zai shall keep, and shall require its Affiliates and Sublicensees to keep (all in accordance with the GAAP), for a period not less than [***] years from the end of the Calendar Year to which they pertain, complete and accurate records in sufficient detail to properly reflect Net Sales and to enable any Milestone Payment payable hereunder to be determined.

(b) Upon the written request of TPTX, Zai shall permit, and shall cause its Affiliates and Sublicensees to permit, an independent certified public accounting firm of nationally recognized standing selected by TPTX and reasonably acceptable to Zai, at TPTX’s expense, to have access during normal business hours to such records of Zai or its Affiliates as may be reasonably necessary to verify the accuracy of the payments hereunder for any Calendar Year ending not more than [***]. These rights with respect to any Calendar Year shall end to once each Calendar Year (provided that the foregoing frequency limit shall not apply if TPTX has cause). TPTX shall provide Zai with a copy of the accounting firm’s written report [***]. If such accounting firm concludes that an underpayment was made, then Zai shall pay the amount due within [***] days of the date TPTX delivers to Zai such accounting firm’s written report so concluding. If such accounting firm concludes that an overpayment was made,
then such overpayment shall be credited against any future payment due to TPTX hereunder (if there is no future payment due, then TPTX shall promptly refund such overpayment to Zai). TPTX shall bear the full cost of such audit unless such audit discloses that the additional payment payable by Zai for the audited period is more than [***] of the amount otherwise paid for that audited period, in which case Zai shall pay the reasonable fees and expenses charged by the accounting firm.

(c) TPTX shall treat all financial information subject to review under this Section 9.6 in accordance with the confidentiality provisions of ARTICLE 10, and, prior to commencing such audit, shall cause its accounting firm to enter into a confidentiality agreement with Zai obligating it to treat all such financial information in confidence pursuant to such confidentiality provisions. Such accounting firm shall not disclose Zai’s Confidential Information to TPTX, except to the extent such disclosure is necessary to verify the accuracy of the financial reports furnished by Zai or the amount of payments to or by Zai under this Agreement.

(d) Zai shall include in each relevant sublicense granted by it a provision requiring any Sublicensee to maintain records of sales of Products made pursuant to such sublicense, and to grant access to such records by an accounting firm to the same extent and under the same obligations as required of Zai under this Agreement. TPTX shall advise Zai in advance of each audit of any such Sublicensee with respect to the Net Sales of the Products either by TPTX or its designated auditor under the terms of such Sublicensee agreement. TPTX shall provide Zai with a summary of the results received from the audit and, if Zai so requests, a copy of the audit report. TPTX shall pay the full costs charged by the accounting firm, unless the audit discloses that the additional payments payable to TPTX for the audited period is more than [***] from the amounts otherwise paid for that audited period, in which case Zai shall pay the reasonable fees and expenses charged by the accounting firm.

9.7. Interest. Each Party shall pay interest on any amounts overdue under this Agreement [***] from the day payment was initially due; provided, however, that in no case shall such interest rate exceed the highest rate permitted by Applicable Laws. The payment of such interest shall not foreclose a Party from exercising any other rights it may have because any payment is overdue.

9.8. Taxes.

(a) Withholding VAT Taxes. [***] any deduction for any VAT that Zai may be required by Applicable Laws in the Territory to pay to any tax authorities in the Territory. TPTX will use Commercially Reasonable Efforts to assist Zai to minimize and obtain all available exemptions from such VAT, but if applicable, Zai will pay any such VAT to the proper taxing authorities upon receipt of a valid VAT invoice (where such invoice is required under local VAT laws). If Zai is required to deduct or withhold any VAT on any payments payable by Zai under this Agreement (the “Withholding VAT Taxes”), Zai will (i) pay such Withholding VAT Tax on behalf of TPTX to the appropriate Governmental Authority, (ii) furnish TPTX with proof of payment of such Withholding VAT Tax within [***] Business Days following such payment, and (iii) [***]. Zai will promptly provide to TPTX applicable receipts evidencing payment of such Withholding VAT Taxes and other documentation reasonably requested by TPTX. Upon Zai’s request, TPTX shall provide reasonable assistance to Zai for Zai to recover any such Withholding VAT Taxes. For clarity, [***].

(b) Withholding Incomes Taxes. If other than the Withholding VAT Taxes, any deductions or withholdings are required by Applicable Laws in the Territory to be paid to any tax authorities in the Territory from any payment from Zai to TPTX hereunder (including those on any incomes of TPTX) (the “Withholding Income Taxes”, together with the Withholding VAT Taxes, the “Withholding Taxes”):
Upfront Payment and Development Milestone Payments. With respect to the Upfront Payment and Development Milestones Payments payable by Zai to TPTX, Zai shall (A) pay Withholding Income Taxes on such payments on behalf of TPTX to the appropriate Governmental Authority in the [***]; (B) furnish TPTX with proof of payment of such Withholding Income Taxes within [***] Business Days following such payment; and (C) [***]. Zai will promptly provide to TPTX applicable receipts evidencing payment of such Withholding Incomes Taxes and other documentation reasonably requested by TPTX. Upon TPTX’s request, Zai shall provide reasonable assistance to TPTX for TPTX to recover any such Withholding Income Taxes. [***].

Net Sales Milestone Payments and Royalty Payments. With respect to the Net Sales Milestone Payments and Royalty Payments payable by Zai to TPTX, Zai shall (A) pay Withholding Income Taxes on such payments on behalf of TPTX to the appropriate Governmental Authority in the Territory; (B) furnish TPTX with proof of payment of such Withholding Income Taxes within [***] Business Days following such payment; and (C) deduct such Withholding Income Taxes from the payment payable to TPTX. Zai will promptly provide to TPTX applicable receipts evidencing payment of such Withholding Incomes Taxes and other documentation reasonably requested by TPTX. Upon TPTX’s request, Zai shall provide reasonable assistance to TPTX for TPTX to recover any such Withholding Income Taxes. For clarity, in the event that TPTX actually recovers any such Withholding Income Taxes. For clarity, in the event that TPTX actually recovers any such Withholding Income Taxes from the applicable Governmental Authority to which such Taxes were paid, such recovered Withholding Income Taxes shall be retained by TPTX with no obligation to Zai.

Cooperation. Zai shall inform TPTX in writing of any prescribed forms that are necessary to claim a reduced rate or exemption from any Withholding Taxes and if TPTX is entitled under any applicable Tax treaty to a reduction of rate of, or the elimination of, applicable Withholding Tax, TPTX shall use Commercially Reasonable Efforts to deliver to Zai or the appropriate Governmental Authority (with the assistance of Zai to the extent that this is reasonably required) the prescribed forms necessary to reduce the applicable rate of withholding or to relieve Zai of its obligation to withhold such Withholding Taxes, and Zai shall apply the reduced rate of withholding if so permitted by Applicable Laws.

Assignment. If TPTX assigns, transfers or otherwise disposes of some or all of its rights and obligations under this Agreement to any Person and if, as a result of such action, the Withholding Taxes required by Applicable Laws with respect to payments under this Agreement is increased, then any amount payable to TPTX’s assignee or transferee under this Agreement shall be limited to the amount that would have been payable to TPTX had no such assignment, transfer or disposal occurred. If Zai assigns, transfers or otherwise disposes of some or all of its rights and obligations under this Agreement to any Person and if, as a result of such action, the Withholding Income Taxes required by Applicable Laws with respect to payments under this Agreement is increased, then any amount payable by Zai’s assignee or transferee under this Agreement shall be increased to ensure that TPTX receives the amount that would have been payable to TPTX had no such assignment, transfer or disposal occurred and it shall be a condition precedent to any such assignment, transfer or disposal that such assignee or transferee shall assume Zai’s withholding and payment obligations as set forth in this Section 9.8.

9.9. Blocked Currency. If by Applicable Laws in a region in the Territory, conversion into U.S. Dollars or transfer of funds of a convertible currency to the United States becomes materially restricted, forbidden or substantially delayed, then Zai shall promptly notify TPTX and, thereafter, amounts accrued in such country or region under this ARTICLE 9 shall be paid to TPTX (or its
ARTICLE 10

CONFIDENTIALITY; PUBLICATION

10.1. Nondisclosure Obligation.

(a) For the Term and [***] years thereafter, the Party receiving (the “Receiving Party”) the Confidential Information of the other Party (the “Disclosing Party”) shall keep confidential and not publish, make available or otherwise disclose any Confidential Information to any Third Party, without the express prior written consent of the Disclosing Party; provided, however, the Receiving Party may disclose the Confidential Information to those of its Affiliates, officers, directors, employees, agents, consultants or independent contractors (including licensees and sublicensees) of such Receiving Party who need to know the Confidential Information in connection with exercising rights or performing obligations as contemplated by this Agreement or any other written agreement between the Parties and are bound by confidentiality and non-use obligations with respect to such Confidential Information consistent with those set forth herein; the Receiving Party shall remain responsible for the compliance by its Affiliates, officers, directors, employees, agents, consultants or independent contractors (including licensees and sublicensees) with such confidentiality and non-use obligations. The Receiving Party shall exercise at a minimum the same degree of care it would exercise to protect its own Confidential Information (and in no event less than a reasonable standard of care) to keep confidential the Confidential Information. The Receiving Party shall use the Confidential Information solely in connection with exercising rights or performing obligations as contemplated by this Agreement or any other written agreement between the Parties.

(b) It shall not be considered a breach of this Agreement if the Receiving Party discloses Confidential Information or either Party discloses the terms and conditions of this Agreement in order to comply with a lawfully issued court or governmental order or with a requirement of Applicable Laws or the rules of any internationally recognized stock exchange; provided that: (i) the Receiving Party gives prompt written notice of such disclosure requirement to the Disclosing Party and cooperates with the Disclosing Party’s efforts to oppose such disclosure or obtain a protective order for such Confidential Information, and (ii) if such disclosure requirement is not quashed or a protective order is not obtained, the Receiving Party shall only disclose those portions of the Confidential Information that it is legally required to disclose and shall make a reasonable effort to obtain confidential treatment for the disclosed Confidential Information. To the extent there is any conflict between this ARTICLE 10 and any other agreement related to Confidential Information entered into between the Parties, the terms of this ARTICLE 10 shall control to the extent of such conflict.

(c) Scientific Publication. The JSC shall discuss the publication strategy for the publication of scientific papers, abstracts, meeting presentations and other disclosure of the results of the Clinical Trials carried out under this Agreement, taking into consideration the Parties’ interest in publishing the results of the Product Development work in order to obtain recognition within the scientific community and to advance the state of scientific knowledge, and the need to protect Confidential Information, intellectual property rights and other business interests of the Parties. Subject to the immediately preceding sentence, Zai shall provide TPTX with the opportunity to review and comment on any proposed publication that pertains to the Products at least [***] days prior to its intended submission for publication which shall only be permitted in the Territory and as to data, results and the like with respect to patients or subjects located in the Territory. TPTX shall provide Zai with its comments, if any, within [***] days after the receipt of such proposed publication. Zai shall consider in good faith the comments provided by TPTX and shall comply with TPTX’s request to: (a) remove any and all Confidential Information of TPTX from such proposed publication; and (b) delay the submission for a period up to [***] days as may be reasonably necessary to seek patent protection for the information disclosed in the proposed publication. Zai agrees to acknowledge the
10.2. Publicity; Use of Names.

(a) Subject to permitted disclosures under Section 10.1(b) or under Section 10.2(c), each of the Parties agrees not to disclose to any Third Party the terms and conditions of this Agreement without the prior approval of the other Party, except to (i) advisors (including consultants, financial advisors, attorneys and accountants), (ii) bona fide potential and existing investors, acquirers, merger partners or other financial or commercial partners on a need to know basis for the sole purpose of evaluating an actual or potential investment, acquisition or other business relationship, in each case under circumstances that reasonably protect the confidentiality thereof, (iii) to the extent necessary to comply with the terms of agreements with Third Parties, or (iv) to the extent required by Applicable Laws, including securities laws and regulations. Notwithstanding the foregoing, the Parties agree upon the initial press release(s) to announce the execution of this Agreement as contained in Schedule 10.2(a); thereafter, TPTX and Zai may each disclose to Third Parties the information contained in such press release(s) or in any other press releases or disclosures made in accordance with this Section 10.2, without the need for further approval by the other.

(b) The Parties acknowledge the importance of supporting each other’s efforts to publicly disclose results and significant developments regarding a Product for use in the Field in the Territory and other activities in connection with this Agreement, beyond what may be strictly required by Applicable Laws and the rules of a recognized stock exchange, and each Party may make such disclosures from time to time with respect to a Product in the case of TPTX, with prior notice to Zai, and in the case of Zai, with the prior written approval of TPTX, which approval shall not be unreasonably withheld, conditioned or delayed. Such disclosures may include achievement of significant events in the Development (including regulatory process) or Commercialization of a Product for use in the Field in the Territory. Unless otherwise requested by the applicable Party, Zai shall indicate that Zai is the licensor of a Product and Licensed Technology in each public disclosure issued by Zai regarding a Product. When Zai elects to make any public disclosure under this Section 10.2(b) or TPTX elects to make any public disclosure regarding results and significant developments regarding a Product for use in the Field in the Territory under this Section 10.2(b), the disclosing Party shall give the other Party reasonable notice to review and comment on such statement, and, in the case of proposed disclosures by Zai, (i) if TPTX does not notify Zai in writing within [***] days or such shorter period if required by Applicable Laws of any reasonable objections, as contemplated in this Section 10.2(b), such disclosure shall be deemed approved, and (ii) if TPTX does notify Zai in writing within the time period set forth in clause (i) above, and reasonably determines that such public disclosure would entail the public disclosure of TPTX’s Confidential Information or of patentable Inventions upon which patent applications should be filed prior to such public disclosure, such public disclosure shall be delayed for such period as may be reasonably necessary for deleting any such Confidential Information of TPTX, or the drafting and filing of a patent application covering such Inventions; provided that such additional period shall not exceed [***] days from the proposed date of the public disclosure, and, in any event, TPTX shall work diligently and reasonably to agree on the text of any proposed disclosure in an expeditious manner. The principles to be observed in such disclosures shall be accuracy, compliance with Applicable Laws and regulatory guidance documents, and reasonable sensitivity to potential negative reactions of applicable Regulatory Authorities.

(c) The Parties acknowledge the need to keep investors and others informed regarding each other’s business under this Agreement, including as required by Applicable Laws or the rules of a recognized stock exchange. To the extent a Party is publicly listed or becomes publicly listed, and subject to Section 10.2(b) as applicable, such Party may issue press releases or make disclosures to the SEC or other applicable agency as it determines, based on advice of counsel, as reasonably necessary to comply with laws or regulations or for appropriate market disclosure; provided that each Party shall provide the other Party with advance notice of legally required disclosures to the extent practicable.
The Parties shall consult with each other on the provisions of this Agreement to be redacted in any filings made by a Party with the SEC or as otherwise required by Applicable Laws; provided that each Party shall have the right to make any such filing as it reasonably determines necessary under Applicable Laws.

10.3. Equitable Relief. Each Party acknowledges that its breach of this ARTICLE 10 would cause irreparable harm to the other Party, which cannot be reasonably or adequately compensated in damages in an action at law. By reasons thereof, each Party agrees that the other Party shall be entitled, in addition to any other remedies it may have under this Agreement or otherwise, to preliminary and permanent injunctive and other equitable relief to prevent or curtail any actual or threatened breach of the obligations relating to Confidential Information set forth in this ARTICLE 10 by the other Party.

ARTICLE 11

REPRESENTATIONS, WARRANTIES, AND COVENANTS

11.1. Representations and Warranties of Each Party. Each Party represents and warrants to the other Party as of the Effective Date that:

(a) it is a company or corporation duly organized, validly existing, and in good standing under the laws of the jurisdiction in which it is incorporated, and has full corporate power and authority and the legal right to own and operate its property and assets and to carry on its business as it is now being conducted and as contemplated in this Agreement, including the right to grant the licenses granted by it hereunder;

(b) (i) it has the corporate power and authority and the legal right to enter into this Agreement and perform its obligations hereunder; (ii) it has taken all necessary corporate action on its part required to authorize the execution and delivery of this Agreement and the performance of its obligations hereunder; and (iii) this Agreement has been duly executed and delivered on behalf of such Party, and constitutes a legal, valid, and binding obligation of such Party that is enforceable against it in accordance with its terms;

(c) it is not a party to any agreement that would prevent it from granting the rights granted to the other Party under this Agreement or performing its obligations under this Agreement; and

(d) all consents, approvals and authorization from all Governmental Authorities or other Third Parties required to be obtained by such Party in connection with execution of this Agreement have been obtained.

11.2. Additional Representations and Warranties of TPTX. TPTX represents and warrants to Zai that as the Effective Date:

(a) TPTX is the sole owner of the Licensed Patents and it has the right under the Licensed Technology to grant the licenses to Zai as purported to be granted pursuant to this Agreement;

(b) there is no agreement between TPTX or its Affiliates with any Third Party pursuant to which TPTX or its Affiliates has in-licensed any Licensed Technology;

(c) Schedule 1.70 sets forth a complete and accurate list all Licensed Patents as of the Effective Date;

(d) neither TPTX nor any of its Affiliates is a party to any license or similar agreement under which it has granted or agreed to grant a license to any Third Party to any Licensed Technology that would conflict with the rights or licenses granted to Zai under this Agreement;
TPTX and its Affiliates and their employees, consultants and contractors involved in the Development of the Licensed Compound and Products are not, and have not been, debarred or disqualified by any Regulatory Authority as of the Effective Date, and have complied in all material respects with all Applicable Laws in connection with the Development of the Licensed Compound and Product;

(f) [***]; and

(g) no claim or action has been brought against TPTX or, to TPTX’s knowledge, threatened in writing to TPTX, by any Third Party alleging that (i) the Licensed Patents are invalid or unenforceable, or (ii) the exploitation of the Licensed Compound or Product infringes the Patents or misappropriates the Know-How of any Third Party; and, to TPTX’s knowledge, no interference, opposition, cancellation or other protest proceeding has been filed against a Licensed Patent owned by TPTX.

11.3. Additional Representations and Warranties of Zai. Zai represents and warrants to TPTX that as of the Effective Date:

(a) there are no legal claims, judgments or settlements against or owed by Zai or its Affiliates, or pending or, to Zai’s or its Affiliates’ actual knowledge, threatened, legal claims or litigation, in each case, relating to antitrust, anti-competition, anti-bribery or corruption violations, including under any Anti-Corruption Laws; and

(b) Zai and its Affiliates are not, and have not been, debarred or disqualified by any Regulatory Authority.

11.4. Covenants of Each Party. Each Party covenants to the other Party that in the course of performing its obligations or exercising its rights under this Agreement, it shall, and shall cause its Affiliates, Sublicensees to, comply with the Clinical Development Plan, all agreements referenced herein, all Applicable Laws, including as applicable, cGMP, GCP, GLP, and GSP standards, and shall not employ or engage any party who has been debarred by any Regulatory Authority, or, to such Party’s knowledge, is the subject of debarment proceedings by a Regulatory Authority. Without limiting the foregoing, (a) Zai will conduct its obligations with respect to Joint Global Studies in the Territory under the Global Development Plan in strict adherence with the study design set forth in the protocol for such Joint Global Studies and as set forth in the Global Development Plan, each as may be amended from time to time, and will comply with the statistical analysis plan implemented by TPTX in connection therewith, and (b) Zai will only engage Clinical Trial sites under the Clinical Development Plan that conduct all Clinical Trials in compliance with Applicable Laws, including GCP and the ICH Guidelines, and are approved by the NMPA.

11.5. Compliance with Anti-Corruption Laws.

(a) Notwithstanding anything to the contrary in the Agreement, each Party hereby covenants to each other that:

(i) it shall not, in the performance of this Agreement, perform any actions that are prohibited by local and other anti-corruption laws (collectively “Anti-Corruption Laws”, including the provisions of the U.S. Foreign Corrupt Practices Act, the U.K. Anti-Bribery Law, and the Anti-Corruption Act of the PRC) that may be applicable to either or both Parties to the Agreement;

(ii) it shall not, in the performance of this Agreement, directly or indirectly, make any payment, or offer or transfer anything of value, or agree or promise to make any payment or offer or transfer anything of value, to a government official or government employee, to
any political party or any candidate for political office or to any other Third Party with the purpose of influencing decisions related to either Party or its business in a manner that would violate Anti-Corruption Laws;

(iii) it shall, on request by the other Party, verify in writing that to the best of such Party’s knowledge, there have been no violations of Anti-Corruption Laws by such Party or persons employed by or subcontractors used by such Party in the performance of the Agreement, or shall provide details of any exception to the foregoing; and

(iv) it shall maintain records (financial and otherwise) and supporting documentation related to the subject matter of the Agreement in order to document or verify compliance with the provisions of this Section 11.5, and upon request of the other Party, upon reasonable advance notice, shall provide a Third Party auditor mutually acceptable to the Parties with access to such records for purposes of verifying compliance with the provisions of this Section 11.5. Acceptance of a proposed Third Party auditor may not be unreasonably withheld or delayed by either Party. It is expressly agreed that the costs related to the Third Party auditor shall be fully paid by the Party requesting the audit, and that any auditing activities may not unduly interfere with the normal business operations of Party subject to such auditing activities. The audited Party may require the Third Party auditor to enter into a reasonable confidentiality agreement in connection with such an audit.

(b) To its knowledge as of the Effective Date and during the Term, neither Zai nor any of its subsidiaries nor any of their Affiliates, directors, officers, employees, distributors, agents, representatives, sales intermediaries or other Third Parties acting on behalf of Zai or any of its subsidiaries or any of their Affiliates:

(i) has taken or shall take any action in violation of any applicable anticorruption law, including the U.S. Foreign Corrupt Practices Act (15 U.S.C. § 78 dd-1 et seq.); or

(ii) has corruptly, offered, paid, given, promised to pay or give, or authorized or shall corruptly, offer, pay give, promise to pay or give or authorize, the payment or gift of anything of value, directly or indirectly, to any Public Official (as defined in Section 11.5(d) below), for the purposes of:

(iii) has influenced or shall influence any act or decision of any Public Official in his official capacity;

(iv) has induced or shall induce such Public Official to do or omit to do any act in violation of his lawful duty;

(v) has secured or shall secure any improper advantage; or

(vi) has induced or shall induce such Public Official to use his or her influence with a government, governmental entity, or commercial enterprise owned or controlled by any government (including state-owned or controlled veterinary or medical facilities) in obtaining or retaining any business whatsoever.

(c) As of the Effective Date, none of the officers, directors, employees, of Zai or of any of its Affiliates or agents acting on behalf of Zai or any of its Affiliates, in each case that are employed or reside outside the United States, are themselves Public Officials.

(d) For purposes of this Section 11.5, “Public Official” means (i) any officer, employee or representative of any regional, federal, state, provincial, county or municipal government or government department, agency or other division; (ii) any officer, employee or representative of any commercial enterprise that is owned or controlled by a government, including any state-owned or controlled veterinary or medical facility; (iii) any officer, employee or representative of any public
international organization, such as the African Union, the International Monetary Fund, the United Nations or the World Bank; and (iv) any person acting in an official capacity for any government or government entity, enterprise or organization identified above.

11.6. NO OTHER REPRESENTATIONS OR WARRANTIES. EXCEPT AS EXPRESSLY STATED IN THIS AGREEMENT, NO REPRESENTATIONS OR WARRANTIES WHATSOEVER, WHETHER EXPRESS OR IMPLIED, INCLUDING WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, NON-INFRINGEMENT, OR NON-MISAPPROPRIATION OF THIRD PARTY INTELLECTUAL PROPERTY RIGHTS, ARE MADE OR GIVEN BY OR ON BEHALF OF A PARTY. ALL SUCH REPRESENTATIONS AND WARRANTIES, WHETHER ARISING BY OPERATION OF LAW OR OTHERWISE, ARE HEREBY EXPRESSLY EXCLUDED.

ARTICLE 12

INDEMNIFICATION

12.1. By Zai. Zai shall indemnify and hold harmless TPTX, its Affiliates, and their directors, officers, employees and agents (individually and collectively, the “TPTX Indemnitee(s)”) from and against all losses, liabilities, damages and expenses (including reasonable attorneys’ fees and costs) (individually and collectively, “Losses”) incurred by them in connection with any claims, demands, actions or other proceedings by any Third Party (individually and collectively, “Claims”) arising after the Effective Date to the extent arising from (a) the Development, packaging or labeling, Manufacture (after the Manufacturing Technology Transfer), use and Commercialization of the Products in the Territory, (b) the packaging or labeling of the Products outside the Territory, (c) the gross negligence, illegal conduct or willful misconduct of Zai or any of its Affiliates or Sublicensees, (d) Zai’s breach of any of its representations, warranties or covenants made in or pursuant to this Agreement or any covenants or obligations set forth in or pursuant to this Agreement, or (e) TPTX holding any Regulatory Approval for any Product for Zai’s benefit in accordance with Section 6.1, in each case of clauses (a) through (e) above except to the extent such Losses arise from, are based on, or result from any activity or occurrence for which TPTX is obligated to indemnify the Zai Indemnitees under Section 12.2.

12.2. By TPTX. TPTX shall indemnify and hold harmless Zai, its Affiliates, and their directors, officers, employees and agents (individually and collectively, the “Zai Indemnitee(s)”) from and against all Losses incurred by them in connection with any Claims to the extent arising from (a) Manufacture, Development, use and Commercialization of the Licensed Compounds and Products outside the Territory or in the Territory with respect to Global Studies or any Manufacturing activities in the Territory, in each such case by TPTX or any of its Affiliates or licensees (other than Zai or its Affiliates or Sublicensees); (b) the gross negligence, illegal conduct or willful misconduct of TPTX or any of its Affiliates or licensees (other than Zai), or (c) TPTX’s breach of any of its representations, warranties or covenants made in or pursuant to this Agreement or any covenants or obligations set forth in or entered into pursuant to this Agreement, in each case of clauses (a) through (c) above, except to the extent Losses arise from, are based on, or result from any activity or occurrence for which TPTX is obligated to indemnify the Zai Indemnitees under Section 12.1.

12.3. Defined Indemnification Terms. Either of the Zai Indemnitee or the TPTX Indemnitee shall be an “Indemnitee” for the purpose of this ARTICLE 12, and the Party that is obligated to indemnify the Indemnitee under Section 12.1 or Section 12.2 shall be the “Indemnifying Party.”

12.4. Defense. If any such Claims are made, the Indemnitee shall be defended at the Indemnifying Party’s sole expense by counsel selected by the Indemnifying Party and reasonably acceptable to the Indemnitee; provided that the Indemnitee may, at its own expense, also be represented.
by counsel of its own choosing. The Indemnifying Party shall have the sole right to control the defense of any such Claim, subject to the terms of this ARTICLE 12.

12.5. Settlement. The Indemnifying Party may settle any such Claim or otherwise consent to an adverse judgment (a) with prior written notice to the Indemnitee but without the consent of the Indemnitee where the only liability to the Indemnitee is the payment of money and the Indemnifying Party makes such payment, or (b) in all other cases, only with the prior written consent of the Indemnitee, such consent not to be unreasonably withheld or delayed.

12.6. Notice. The Indemnitee shall notify the Indemnifying Party promptly of any Claim with respect to which it seeks indemnification under Sections 12.1 or 12.2 and shall reasonably cooperate with all reasonable requests of the Indemnifying Party with respect thereto.

12.7. Permission by Indemnifying Party. The Indemnitee may not settle any such Claim or otherwise consent to an adverse judgment in any such Claim or make any admission as to liability or fault without the express written permission of the Indemnifying Party.

12.8. Insurance. Each Party shall procure and maintain insurance, including product liability insurance, with respect to its activities hereunder and which is consistent with normal business practices of prudent companies similarly situated at all times. Each Party shall provide the other Party with evidence of such insurance upon request and shall provide the other Party with written notice at least [***] days prior to such Party’s decision or receipt of notice from the insurance company, as applicable, with respect to the cancellation, non-renewal or material decrease in the coverage level of such insurance. It is understood that such insurance shall not be construed to create a limit of either Party’s liability. Zai shall impose substantially identical obligations on its Affiliates (to the extent not named insureds under Zai’s coverages) and Sublicensees.

12.9. LIMITATION OF LIABILITY. SUBJECT TO AND WITHOUT LIMITING (A) THE INDEMNIFICATION OBLIGATIONS OF EACH PARTY WITH RESPECT TO THIRD PARTY CLAIMS UNDER SECTIONS 12.1 OR 12.2, (B) LIABILITY AS A RESULT OF A BREACH OF ARTICLE 10, (C) LIABILITY FOR MISAPPROPRIATION OR INFRINGEMENT OF INTELLECTUAL PROPERTY OWNED OR CONTROLLED BY THE OTHER PARTY, OR (D) LIABILITY FOR BREACH OF COVENANTS UNDER SECTION 2.6, NEITHER PARTY OR ANY OF ITS AFFILIATES SHALL BE LIABLE TO THE OTHER PARTY UNDER ANY CONTRACT, WARRANTY, NEGLIGENCE, TORT, STRICT LIABILITY OR OTHER LEGAL OR EQUITABLE THEORY FOR ANY SPECIAL, INDIRECT, INCIDENTAL, PUNITIVE, MULTIPLIED OR CONSEQUENTIAL DAMAGES OR FOR LOST PROFITS (EVEN IF DEEMED DIRECT DAMAGES) ARISING OUT OF OR IN CONNECTION WITH THIS AGREEMENT.

ARTICLE 13

INTELLECTUAL PROPERTY


(a) As between the Parties, (i) TPTX shall remain the sole and exclusive owner of all Licensed Technology and (ii) Zai shall remain the sole and exclusive owner of all Zai IP.

(b) Ownership of all Inventions (other than any Invention that is an Improvement) shall be allocated based on inventorship, as determined in accordance with the rules of inventorship under the United States patent laws. All Improvements, whether invented, discovered, generated or made solely by either Party, its Affiliates, or its or its Affiliates’ employees, agents or independent contractors or jointly by both Parties, their Affiliates, or their or their Affiliates’ employees, agents or independent contractors, shall be the sole property of TPTX and shall be included in the Licensed Technology (if within the scope of such definition) and included in the licenses and rights granted to
Zai. A Party shall own all Inventions (in the case of Zai, other than Improvements) that are invented, discovered, generated or made solely by it, its Affiliates, or its or its Affiliates’ employees, agents or independent contractors (“Sole Inventions”), and (i) TPTX’s Sole Inventions shall be included in the Licensed Technology (if within the scope of such definition) and included in the licenses and rights granted to Zai by TPTX hereunder; and (ii) Zai’s Sole Inventions (which are not Improvements) shall be included in the Zai IP (if within the scope of such definition) and included in the licenses and rights granted to TPTX by Zai hereunder. The Parties shall jointly own all Inventions (other than Improvements) that are made jointly by a Party, its Affiliate, or its or its Affiliate’s employees, agents or independent contractors together with the other Party, its Affiliates, or its or its Affiliate’s employees, agents or independent contractors (“Joint Inventions”). Patents claiming the Joint Inventions shall be referred to as “Joint Patents.” Each Party shall own an undivided equal interest in the Joint Inventions and Joint Patents, without a duty of accounting or an obligation to seek consent from the other Party for the exploitation or license of the Joint Inventions or Joint Patents (subject to the licenses granted to the other Party under this Agreement).

(c) Zai shall and hereby does assign to TPTX all right, title and interest in and to all Improvements. Zai shall take (and cause its Affiliates, Sublicensees and their employees, agents, and contractors to take) such further actions reasonably requested by TPTX to effectuate such assignment and to assist TPTX in obtaining Patent and other intellectual property rights protection for the Improvements. Zai shall obligate its Affiliates, Sublicensees and contractors to assign all Improvements to Zai (or directly to TPTX) so that Zai can comply with its obligations under this Section 13.1(c), and Zai shall promptly obtain such assignment.

13.2. Disclosure of Inventions. Each Party shall promptly disclose to the other Party all Inventions, including all invention disclosure or other similar documents submitted to such Party by its or its Affiliates’ employees, agents, or independent contractors relating to such Inventions, and shall also promptly respond to reasonable requests from the other Party for additional information relating to such Inventions.


(a) Licensed Patents and Joint Patents in the Territory. TPTX shall have the first right, but not the obligation, to conduct Patent Prosecution and maintenance of (i) the Licensed Patents in the Territory and (ii) Joint Patents in the Territory, at its sole cost. TPTX shall consult with Zai and keep Zai reasonably informed of the Patent Prosecution or maintenance of the Licensed Patents and Joint Patents in the Territory and shall provide Zai with all material correspondence received from any patent authority in the Territory in connection therewith. In addition, TPTX shall provide Zai with drafts of all proposed material filings and correspondence to any patent authority in the Territory in connection with the Patent Prosecution or maintenance of the Licensed Patents or Joint Patents for Zai’s review and comment prior to the submission of such proposed filings and correspondence. TPTX shall consider in good faith Zai’s comments on such Patent Prosecution or maintenance but shall have final decision-making authority under this Section 13.3(a). Further, TPTX shall notify Zai of any decision to cease Patent Prosecution or maintenance of any Licensed Patent or Joint Patent in the Territory at least [***] days before any due date for filing, payment or other action to avoid loss of rights, in which case Zai shall have the right to continue the Patent Prosecution or maintenance of such Licensed Patent or Joint Patent in the Territory at Zai’s discretion and expense. If Zai decides to take over Patent Prosecution or maintenance of a Licensed Patent or Joint Patent in such region(s) in the Territory, then TPTX shall promptly deliver to Zai copies of all necessary files related to such Licensed Patent or Joint Patent in such region(s) in the Territory and shall take all actions and execute all documents reasonably necessary for Zai to assume such responsibility. For the avoidance of doubt, Zai’s assumption of responsibility for Patent Prosecution or maintenance of any Licensed Patent or Joint Patent in any region(s) in the Territory pursuant to this Section 13.3(a) shall not change the Parties’ respective ownership rights with respect to such Licensed Patent or Joint Patent.
(b) **Zai Patents.** Zai shall, at its sole cost and expense, have the sole right, but not the obligation, in the Territory and the first right, but not the obligation, outside the Territory, to conduct the Patent Prosecution and maintenance of any Patents within the Zai IP (the “Zai Patent”). Zai shall keep TPTX reasonably informed of the status of all actions taken, and shall consider in good faith TPTX’s recommendations with respect to the Zai Patents prosecuted by Zai worldwide. Further, Zai shall notify TPTX of any decision to cease Patent Prosecution or maintenance of any Zai Patent outside the Territory at least [***] days before any due date for filing, payment or other action to avoid loss of rights, in which case TPTX shall have the right to continue the Patent Prosecution or maintenance of such Zai Patent outside the Territory at TPTX’s discretion and expense. If TPTX decides to take over Patent Prosecution or maintenance of a Zai Patent outside the Territory, then Zai shall promptly deliver to TPTX copies of all necessary files related to such Zai Patent outside the Territory and shall take all actions and execute all documents reasonably necessary for TPTX to assume such responsibility. For the avoidance of doubt, TPTX’s assumption of responsibility for Patent Prosecution or maintenance of any Zai Patent outside the Territory pursuant to this Section 13.3(b) shall not change the Parties’ respective ownership rights with respect to such Licensed Patent or Joint Patent.

(c) **Joint Patents Outside the Territory.** TPTX shall have the sole decision-making authority, at its sole cost and expense, over the Patent Prosecution and maintenance of Joint Patents outside the Territory.

13.4. Enforcement.

(a) Each Party shall notify the other within [***] Business Days of becoming aware of any alleged or threatened infringement by a Third Party of any of the Licensed Patents (including any Joint Patents in the Territory), which infringement adversely affects or is expected to adversely affect any Product in the Field in the Territory, and any related declaratory judgment, opposition, or similar action by a Third Party alleging the invalidity, unenforceability or non-infringement of any of the Licensed Patents (including any Joint Patents in the Territory) in the Territory (collectively “Product Infringement”).

(b) Zai shall have the first right to bring and control any legal action in connection with such Product Infringement in the Territory at its own expense as it reasonably determines appropriate. If Zai does not bring such legal action prior to the earlier of: (i) [***] days following Zai’s receipt or delivery of the notice under Section 13.4(a), or (ii) [***] days before the deadline, if any, set forth in the Applicable Laws for the filing of such actions, or discontinues the prosecution of any such action after filing without abating such infringement, TPTX shall have the right to bring and control any legal action in connection with such Product Infringement at its own expense as it reasonably determines appropriate.

(c) TPTX shall have the exclusive right, but not the obligation, to bring and control any legal action in connection with any alleged or threatened infringement by a Third Party of any of the Licensed Patents (other than Joint Patents) that is not a Product Infringement, and any related declaratory judgment, opposition, or similar action by a Third Party alleging the invalidity, unenforceability or non-infringement of any of the Licensed Patents (other than Joint Patents), at its own expense as it reasonably determines appropriate.

(d) Zai shall have the first right, but not the obligation, to enforce the Joint Patents in the Territory for any infringement that is not a Product Infringement at its own expense as it reasonably determines appropriate. TPTX shall have the first right, but not the obligation, to enforce the Joint Patents outside the Territory for any infringement at its own expense as it reasonably determines appropriate. If the Party with the first right of enforcement in respect of Joint Patents under this Section 13.4(d) decides not to bring such legal action in any jurisdiction(s) subject to its first right, it shall so inform the other Party promptly and the other Party shall have the right, but not the obligation, to bring and control any legal action in connection with such infringement in such jurisdiction(s) at its own expense as it reasonably determines appropriate.
(e) TPTX shall have the first right to bring and control any legal action in connection with any alleged or threatened infringement by a Third Party of any of the Zai Patents (other than Joint Patents), which infringement adversely affects or is expected to adversely affect any Product in the Field outside the Territory, and any related declaratory judgment, opposition, or similar action by a Third Party alleging the invalidity, unenforceability or non-infringement of any of the Zai Patents (other than Joint Patents) outside the Territory, at its own expense as it reasonably determines appropriate. If TPTX does not bring such legal action prior to the earlier of: (i) [***] days following receipt or delivery of notice between the Parties regarding such alleged infringement, or (ii) [***] days before the deadline, if any, set forth in the Applicable Laws for the filing of such actions, or discontinues the prosecution of any such action after filing without abating such infringement, Zai shall have the right to bring and control any legal action in connection with infringement at its own expense as it reasonably determines appropriate. Except as otherwise provided in this Section 13.4(e), Zai shall have the exclusive right, but not the obligation, to bring and control any legal action in connection with any alleged or threatened infringement by a Third Party of any of the Zai Patents (other than Joint Patents), and any related declaratory judgment, opposition, or similar action by a Third Party alleging the invalidity, unenforceability or non-infringement of any of the Zai Patents (other than Joint Patents), at its own expense as it reasonably determines appropriate.

(f) At the request of the Party bringing an action related to Product Infringement or otherwise as described in this Section 13.4, the other Party shall provide reasonable assistance in connection therewith, including by executing reasonably appropriate documents, cooperating in discovery and joining as a party to the action if required by Applicable Laws to pursue such action, at each such Party’s sole cost and expense. In connection with an action related to Product Infringement or otherwise as described in this Section 13.4, the Party bringing the action shall not enter into any settlement admitting the invalidity or non-infringement of, or otherwise impairing the other Party’s rights in the Licensed Patents, Zai Patents or Joint Patents, as applicable, without the prior written consent of the other Party. The enforcing Party shall keep the non-enforcing Party reasonably informed of the status of any action it brought in connection with such Product Infringement or otherwise as described in this Section 13.4. The non-enforcing Party shall be entitled to attend any substantive meetings, hearings, or other proceedings related to any such action pursued by the enforcing Party. The enforcing Party shall provide the non-enforcing Party with copies of all pleadings and other documents to be filed with the court reasonably in advance and shall consider in good faith reasonable and timely input from the non-enforcing Party during the course of the action.

(g) Any recoveries resulting from enforcement action relating to a claim of Product Infringement or otherwise as described in this Section 13.4 shall be first applied against payment of the enforcing Party’s costs and expenses in connection therewith and then the non-enforcing Party’s costs and expenses in connection therewith. Any such recoveries in excess of such costs and expenses shall [***].


(a) Each Party shall notify the other in writing of any allegations it receives from a Third Party that the Development, Manufacture, use, Commercialization or other exploitation of any Licensed Compound or Product or any embodiment of any technology or intellectual property licensed by a Party under this Agreement infringes the intellectual property rights of such Third Party. Such notice shall be provided promptly, but in no event after more than [***] days following receipt of such allegations. Such written notice shall include a copy of any summons or complaint (or the equivalent thereof) received regarding the foregoing. Each Party shall assert and not waive the joint defense privilege with respect to all communications between the Parties.

(b) As between the Parties, Zai shall have the first right, but not the obligation to control and be solely responsible for the defense of any such suit against Zai, at Zai’s sole cost and expense; provided, however, Zai shall not enter into any compromise or settlement relating to such suit that (i) admits the invalidity or unenforceability of any Licensed Patents or Joint Patents; or (ii) requires
abandonment of any Licensed Patents or Joint Patents; or (iii) contemplates payment or other action by TPTX or has a material adverse effect on TPTX’s business, in all cases ((i) through (iii)), without obtaining the prior written consent of TPTX.

(c) If Zai decides not to bring such legal action subject to its first right, it shall so inform TPTX promptly and TPTX shall have the right to bring and control any such legal action in connection with such infringement in the Territory at its own expense as it reasonably determines appropriate; provided, however, TPTX shall not enter into any compromise or settlement relating to such suit that (i) admits the invalidity or unenforceability of any Licensed Patents or Joint Patents; or (ii) requires abandonment of any Licensed Patents or Joint Patents; or (iii) contemplates payment or other action by Zai or has a material adverse effect on Zai’s business, in all cases ((i) through (iii)), without obtaining the prior written consent of Zai.

(d) Upon the defending Party’s request and at the defending Party’s expense, the non-defending Party shall provide reasonable assistance to the defending Party for such defense and shall join such suit if deemed a necessary party. If the non-defending Party does not join such suit, the defending Party shall keep the non-defending Party reasonably informed of the status of such suit. The non-defending Party shall be entitled to attend any substantive meetings, hearings, or other proceedings related to such suit. The defending Party shall provide the non-defending Party with copies of all pleadings and other documents to be filed with the court reasonably in advance and shall consider in good faith reasonable and timely input from the non-defending Party during the course of the suit.

ARTICLE 14
TERMS AND TERMINATION

14.1. Term and Expiration.

(a) Term. The term of this Agreement shall be effective as of the Effective Date, and shall continue in effect until the expiration of the last Royalty Term with respect to any Product in any region in the Territory (the “Term”, and the date of such expiration with respect to such region, the “Expiration Date”).

(b) Expiration of Royalty Term. On a region-by-region basis, upon the expiration of the Royalty Term for a given Product in a given region, the licenses granted by TPTX to Zai under Section 2.1 of this Agreement in such region with respect to such Product in the Field shall become fully paid-up, perpetual, irrevocable and sublicenseable in multiple tiers.

(c) Supply after Expiration. In the event that no Manufacturing Technology Transfer has occurred before [***] in which the expiration is to occur, the Parties shall discuss in good faith the terms and conditions on which TPTX would supply Products to Zai after the Expiration Date; provided, however, that if the Parties fail to reach such an agreement before [***].

14.2. Termination for Mutual Agreement. This Agreement may be terminated by the Parties’ mutual written agreement.

14.3. Termination for Convenience. Zai shall have the right to terminate this Agreement in its entirety for any or no reason upon [***] days’ written notice to TPTX. Zai shall terminate this Agreement upon [***] days’ written notice to TPTX if it determines that it shall permanently discontinue all Development and Commercialization activities with respect to the Product under this Agreement.
14.4. Termination for Material Breach.

(a) This Agreement may be terminated in its entirety at any time during the Term upon [***] days’ (or [***] days’ with respect to any payment breach) written notice by either Party if the other Party is in material breach of this Agreement and, if such breach is curable, such breach has not been cured within [***] days (or [***] days with respect to any payment breach) of such written notice.

(b) Notwithstanding the foregoing, if the alleged breaching Party disputes the existence or materiality of the alleged breach, the other Party shall not have the right to terminate this Agreement unless and until it is determined in accordance with ARTICLE 15 that the alleged breaching Party has materially breached this Agreement and fails to cure such breach within [***] days after such determination.

14.5. Termination for Insolvency. Each Party shall have the right to terminate this Agreement upon delivery of written notice to the other Party in the event that (a) such other Party files in any court or agency pursuant to any statute or regulation of any jurisdiction a petition in bankruptcy or insolvency or for reorganization under the Chapter 7 of the United States Bankruptcy Code or other similar Applicable Law or similar arrangement for the benefit of creditors or for the appointment of a receiver or trustee of such other Party or its assets, (b) such other Party is served with an involuntary petition against it in any insolvency proceeding and such involuntary petition has not been stayed or dismissed within ninety (90) days of its filing, or (c) such other Party makes an assignment of substantially all of its assets for the benefit of its creditors.

14.6. Termination for Patent Challenge. Except to the extent the following is unenforceable under the laws of a particular jurisdiction, TPTX may terminate this Agreement in its entirety (a) immediately upon written notice to Zai if Zai or any of its Affiliates or Sublicensees commences a legal, administrative or other action challenging the validity, enforceability or scope of any Licensed Patent or (b) within [***] day written notice to Zai if Zai or its Affiliates or Sublicensees commences a legal, administrative or other action challenging the validity, enforceability or scope of any Patent (other than any Licensed Patent) owned or Controlled by TPTX or its Affiliates anywhere in the world, unless such action is withdrawn during such [***]-day period. Notwithstanding the foregoing, if Zai promptly terminates the sublicense agreement of any Sublicensee that commences a legal action challenging the validity, enforceability or scope of any Licensed Patents anywhere in the world, TPTX shall not have the right to terminate this Agreement under this Section 14.6.

14.7. Termination for Acquisition of Third Party by a Party. Each Party shall have the right to terminate this Agreement to the extent permitted under and in accordance with Section 2.6(b)(ii).

14.8. Election to Terminate. If either Party has the right to terminate under Sections 14.3 through 14.6, it may at its sole option, elect either to (a) terminate this Agreement and pursue any legal or equitable remedy available to it or (b) maintain this Agreement in effect and pursue any legal or equitable remedy available to it.

14.9. Effects of Termination.

(a) Upon the termination of this Agreement for any reason, all rights and licenses granted to Zai herein shall immediately terminate, and all sublicenses of such rights and licenses shall also terminate. Upon termination of this Agreement, if a Sublicensee is then in good standing under its sublicense agreement with Zai, then at TPTX’s sole discretion, TPTX may grant to such Sublicensee a
direct license under the Licensed Technology that is the same scope as the sublicense granted by Zai on substantially the same terms and conditions set forth in this Agreement, and Section 14.9(b) below shall not apply to such Sublicensee. Termination of this Agreement for any reason shall not release either Party of any obligation or liability which, at the time of such termination, has already accrued to the other Party or which is attributable to a period prior to such termination. Notwithstanding anything herein to the contrary, termination of this Agreement by a Party shall be without prejudice to other remedies such Party may have at law or equity.

(b) Upon termination of this Agreement for any reason, the following additional provisions shall apply:

(i) **Reversion of Rights to TPTX; Extension of License to TPTX.** Any rights and licenses with respect to the Product granted to Zai under this Agreement shall immediately terminate, and all such rights shall revert back to TPTX. In addition, in the event that this Agreement is terminated by the Parties pursuant to Section 14.2, by Zai pursuant to Section 14.3 or by TPTX pursuant to Section 14.4, 14.5, 14.6, or 14.7, the licenses granted by Zai to TPTX pursuant to Section 2.4 shall automatically be extended to include the Territory.

(ii) **Regulatory Materials; Data.** Zai shall, and shall cause its Affiliates and Sublicensees to, [***], to the maximum extent permitted by Applicable Laws at the time of any such termination to promptly (1) assign all Regulatory Submissions and Regulatory Approvals and pricing and reimbursement approvals of Products to TPTX, and (2) assign all data generated by or on behalf of Zai or its designee while conducting Development or Commercialization activities under this Agreement to TPTX or its designee, including non-clinical and clinical studies conducted by or on behalf of Zai on Products and all pharmacovigilance data (including all Adverse Event database information) on Products.

(iii) **Trademarks.** Zai shall, and shall cause its Affiliates and Sublicensees, to promptly transfer and assign to TPTX, [***], all Product Marks.

(iv) **Transition Assistance.** Zai shall, and shall cause its Affiliates and Sublicensees, to provide assistance, [***], as may be reasonably necessary or useful for TPTX or its designee to commence or continue Developing or Commercializing Products in the Territory for a period of at least [***] days after the effective date of such termination (the “Transition Period”) to the extent Zai is then performing or having performed such activities, including transferring or amending as appropriate, upon request of TPTX, any agreements or arrangements with Third Party to Develop and Commercialize the Products in the Territory. To the extent that any such contract between Zai and a Third Party is not assignable to TPTX or its designee, then Zai shall reasonably cooperate with TPTX to arrange to continue to and provide such services from such entity.

(v) **Ongoing Clinical Trial.** If at the time of such termination, any Clinical Trials for the Products are being conducted by or on behalf of Zai, then, at TPTX’s election on a Clinical Trial-by-Clinical Trial basis: (1) Zai shall, and shall cause its Affiliates and Sublicensees to, (A) continue to conduct such Clinical Trial during the Transition Period or another period of time as determined by TPTX after the effective date of such termination at TPTX’s cost, and (B) after such period, to (y) fully cooperate with TPTX to transfer the conduct of all such Clinical Trial to TPTX or its designee or (z) continue to conduct such Clinical Trials, at TPTX’s cost, for so long as necessary to enable such transfer to be completed without interruption of any such Clinical Trials and (C) TPTX shall assume any and all liability and costs for such Clinical Trial after the effective date of such termination, and (2) Zai shall, and shall cause its Affiliates and Sublicensees to, [***], orderly wind down the conduct of any such Clinical Trial which is not assumed by TPTX under clause (1).
Inventory. At TPTX’s election and request, Zai shall (1) transfer to TPTX or its designee all inventory of the Product [*] then in possession or control of Zai, its Affiliates or Sublicensees; provided that TPTX shall pay Zai a price equal to Zai’s costs for such Products or (2) (A) continue to use Commercially Reasonable Efforts to Commercialize all inventory of the Products then in possession or control of Zai during the Transition Period and make the corresponding payments, including any milestone payments or royalties to TPTX under this Agreement as though this Agreement had not been terminated and (B) after the Transition Period, transfer to TPTX or its designee any remaining inventory of the Product to TPTX or its designee at a price equal to Zai’s costs for such Products.

Return of Confidential Information. At the Disclosing Party’s election, the Receiving Party shall return (at Disclosing Party’s expense) or destroy all tangible materials comprising, bearing, or containing any Confidential Information of the Disclosing Party relating to the Product that are in the Receiving Party’s or its Affiliates’ or Sublicensees’ possession or control and provide written certification of such destruction (except to the extent any information is the Confidential Information of both Parties or to the extent that the Receiving Party has the continuing right to use the Confidential Information under this Agreement); provided that the Receiving Party may retain one copy of such Confidential Information for its legal archives. Notwithstanding anything to the contrary set forth in this Agreement, the Receiving Party shall not be required to destroy electronic files containing such Confidential Information that are made in the ordinary course of its business information back-up procedures pursuant to its electronic.

Other Remedies. Termination or expiration of this Agreement for any reason shall not constitute a waiver or release of, or otherwise be deemed to prejudice or adversely affect, any rights, remedies or claims, whether for damages or otherwise, that a Party may have hereunder or that may arise out of or in connection with such termination or expiration.

Termination by Zai Due to Material Breach. Upon the termination of this Agreement by Zai pursuant to Section 14.4, 14.5 or 14.7 all of the provisions of Section 14.9(b) shall apply, except that [*].

Survival. Termination or expiration of this Agreement shall not affect any rights or obligations of the Parties under this Agreement that have accrued prior to the date of termination or expiration. The following provisions shall survive the termination or expiration of this Agreement for any reason: [*].

ARTICLE 15

DISPUTE RESOLUTION

General. The Parties recognize that a claim, dispute or controversy may arise relating to this Agreement or to the breach, enforcement, interpretation or validity of this Agreement (a “Dispute”). Any Dispute, including Disputes that may involve the Affiliates of any Party, shall be resolved in accordance with this ARTICLE 15.
15.2. **Continuance of Rights and Obligations during Pendency of Dispute Resolution.** If there are any Disputes in connection with this Agreement, including Disputes related to termination of this Agreement under ARTICLE 14, all rights and obligations of the Parties shall continue until such time as any Dispute has been resolved in accordance with the provisions of this ARTICLE 15.

15.3. **Escalation.** Any Dispute shall be referred to the Executive Officers for attempted resolution. In the event the Executive Officers are unable to resolve such Dispute within [***] days of such Dispute being referred to them, then, upon the written request of either Party to the other Party, the Dispute shall be subject to arbitration in accordance with Section 15.4.

15.4. **Arbitration.**

(a) If the Parties fail to resolve the Dispute through escalation to the Executive Officers under Section 15.3, and a Party desires to pursue resolution of the Dispute, the Dispute shall be submitted by either Party for final resolution by arbitration under the Rules of Arbitration of the International Chamber of Commerce (“ICC Rules”), except as modified herein. Any disputes concerning the propriety of the commencement of the arbitration or the scope or applicability of this agreement to arbitrate shall be finally settled by the arbitral tribunal. The arbitration shall be conducted by a tribunal of three (3) arbitrators, each with at least fifteen (15) years of pharmaceutical industry experience. An arbitrator shall be deemed to meet this qualification unless a Party objects within [***] days after the arbitrator is nominated. Within [***] days after initiation of arbitration, each Party shall nominate one (1) arbitrator and the two (2) Party-nominated arbitrators shall nominate a third arbitrator, who shall serve as the chairperson of the tribunal, within [***] days of the second arbitrator’s appointment. The seat of arbitration shall be [***] and the language of the proceedings, including all communications, shall be English.

(b) The Parties agree that any award or decision made by the arbitral tribunal shall be final and binding upon them and may be enforced in the same manner as a judgment or order of a court of competent jurisdiction, and the Parties undertake to carry out any award without delay. The arbitral tribunal shall render its final award or decision within nine (9) months from the date on which the request for arbitration by one of the Parties wishing to have recourse to arbitration is received by the ICC Secretariat. The arbitral tribunal shall resolve the Dispute by applying the provisions of this Agreement and the governing law set forth in Section 16.5.

(c) By agreeing to arbitration, the Parties do not intend to deprive any court of its jurisdiction to issue, at the request of a Party, a pre-arbitral injunction, pre-arbitral attachment or other order to avoid irreparable harm, maintain the status quo, preserve the subject matter of the Dispute, or aid the arbitration proceedings and the enforcement of any award. Without prejudice to such provisional or interim remedies in aid of arbitration as may be available under the jurisdiction of a competent court, the arbitral tribunal shall have full authority to grant provisional or interim remedies and to award damages for the failure of any Party to the dispute to respect the arbitral tribunal’s order to that effect.

(d) EACH PARTY HERETO WAIVES: (I) ITS RIGHT TO TRIAL OF ANY ISSUE BY JURY, AND (II) ANY CLAIM FOR ATTORNEY FEES, COSTS AND PREJUDGMENT INTEREST.

(e) The arbitrators will be authorized to award compensatory damages, but will not be authorized to (i) award non-economic damages, (ii) award punitive damages or any other damages expressly excluded under this Agreement, or (iii) reform, modify or materially change this Agreement or any other agreements contemplated hereunder; provided, however, that the damage limitations described in clauses (i) and (ii) will not apply if such damages are statutorily imposed. Each Party shall bear its own attorney’s fees, costs, and disbursements arising out of the arbitration, and shall pay an equal share of the fees and costs of the administrator and the arbitrators; provided, however, that the arbitrators shall be authorized to determine whether a Party is the prevailing party, and if so, to award to that prevailing party reimbursement for any or all of its reasonable attorneys’ fees, costs and

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disbursements (including, for example, expert witness fees and expenses, photocopy charges, travel expenses, etc.), or the fees and costs of the administrator and the arbitrators.

(f) Notwithstanding anything in this Section 15.4, in the event of a Dispute with respect to (i) the validity, scope, enforceability or ownership of any Patent or other intellectual property rights, (ii) a matter for which this Agreement assigns decision-making to the Parties or to the JSC or requires the consent of one or both of the Parties, (iii) the necessity of obtaining a Third Party license by Zai in the Territory with Section 9.4(c)(iii), or (iv) any antitrust, anti-monopoly or competition law or regulation, whether or not statutory, and such Dispute is not resolved in accordance with Section 15.3, such Dispute shall not be submitted to an arbitration proceeding in accordance with this Section 15.4, unless otherwise agreed by the Parties in writing, and instead, either Party may initiate litigation in a court of competent jurisdiction in any country in which such rights apply.

ARTICLE 16

MISCELLANEOUS

16.1. Force Majeure. Neither Party shall be held liable to the other Party nor be deemed to have defaulted under or breached this Agreement for failure or delay in performing any obligation under this Agreement to the extent such failure or delay is caused by or results from causes beyond the reasonable control of the affected Party including embargoes, war, acts of war (whether war be declared or not), insurrections, riots, civil commotions, strikes, lockouts or other labor disturbances, fire, floods, epidemics, pandemics, epidemics or other acts of God or any other deity (or orders of any Governmental Authority related to any of the foregoing), or acts, omissions or delays in acting by any Governmental Authority. The affected Party shall notify the other Party of such force majeure circumstances as soon as reasonably practical, the JDC shall review and discuss any such matter to the extent related to any Clinical Trials in the Territory, and the affected Party shall promptly undertake all reasonable efforts necessary to cure such force majeure circumstances.

16.2. Assignment. Neither Party may assign this Agreement to a Third Party without the other Party’s prior written consent (such consent not to be unreasonably withheld); except that (a) subject to Section 2.6, either Party may make such an assignment without the other Party’s prior written consent to a successor to substantially all of the business of such Party to which this Agreement relates (whether by merger, sale of stock, sale of assets, exclusive license or other transaction), and (b) either Party may assign this Agreement to an Affiliate without the other Party’s prior written consent for so long as such Affiliate remains an Affiliate of the Party making the assignment. For clarity, each Party may discharge any obligations and exercise any right hereunder through any of its Affiliates and each Party hereby guarantees the performance by its Affiliates of such Party’s obligations under this Agreement, and shall cause its Affiliates to comply with the provisions of this Agreement in connection with such performance. This Agreement shall inure to the benefit of and be binding on the Parties’ successors and permitted assignees. Any assignment or transfer in violation of this Section 16.2 shall be null and void and wholly invalid, the assignee or transferee in any such assignment or transfer shall acquire no rights whatsoever, and the non-assigning non-transferring Party shall not recognize, nor shall it be required to recognize, such assignment or transfer.

16.3. Severability. If any one or more of the provisions contained in this Agreement is held invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein shall not in any way be affected or impaired thereby, unless the absence of the invalidated provision(s) adversely affects the substantive rights of the Parties. The Parties shall in such an instance use their best efforts to replace the invalid, illegal or unenforceable provision(s) with valid, legal and enforceable provision(s) which, insofar as practical, implement the purposes of this Agreement.

16.4. Notices. All notices which are required or permitted hereunder shall be in writing and sufficient if delivered personally, sent by facsimile (and promptly confirmed by personal delivery,
registered or certified mail or overnight courier), sent by nationally-recognized overnight courier or sent by registered or certified mail, postage prepaid, return receipt requested, addressed as follows:

If to TPTX:

Turning Point Therapeutics, Inc.
Address: 10628 Science Center Drive, Suite 200, San Diego, CA 92121, USA
Attn: [***]
Email: [***]

with a copy to:

Cooley LLP
Address: 4401 Eastgate Mall, San Diego, CA 92121, USA
Attn: Kay Chandler
Email: kchandler@cooley.com

If to Zai:

Zai Lab (Shanghai) Co., Ltd.
Address: 4F, Bldg 1, Jinchuang Plaza, 4560 Jinke Rd, Shanghai, China, 201210
Attn: [***]
Email: [***]

with a copy to:

Ropes & Gray, LLP
Address: 36/F, Park Place, Nanjing Road West, Shanghai 200040, China
Attn: Arthur Mok; Geoffrey Lin
Email: Arthur.Mok@ropesgray.com; Geoffrey.Lin@ropesgray.com

or to such other address as the Party to whom notice is to be given may have furnished to the other Party in writing in accordance herewith. Any such notice shall be deemed to have been given: (a) when delivered if personally delivered; (b) if sent by email, upon electronic confirmation of receipt; (c) on the Business Day after dispatch if sent by nationally-recognized overnight courier; or (d) on the fifth Business Day following the date of mailing if sent by mail.

16.5. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of New York, U.S. without reference to any rules of conflict of laws. The United Nations Convention on Contracts for the International Sale of Goods does not apply to this Agreement and is expressly and entirely excluded.

16.6. Entire Agreement; Amendments. The Agreement contains the entire understanding of the Parties with respect to the subject matter hereof. All express or implied agreements and understandings, either oral or written, with regard to the subject matter hereof (including the licenses granted hereunder) are superseded by the terms of this Agreement. Neither Party is relying on any representation, promise, nor warranty not expressly set forth in this Agreement. This Agreement may be amended, or any term hereof modified, only by a written instrument duly executed by authorized representatives of both Parties hereto.

16.7. Headings. The captions to the several Sections hereof are not a part of this Agreement, but are merely for convenience to assist in locating and reading the Sections of this Agreement.
16.8. Independent Contractors. It is expressly agreed that TPTX and Zai shall be independent contractors and that the relationship between the two Parties shall not constitute a partnership, joint venture or agency. TPTX shall report any payments received under the Agreement as payments from Zai. Neither TPTX nor Zai shall have the authority to make any statements, representations or commitments of any kind, or to take any action, which shall be binding on the other Party, without the prior written consent of the other Party.

16.9. Waiver. The waiver by either Party of any right hereunder, or the failure of the other Party to perform, or a breach by the other Party, shall not be deemed a waiver of any other right hereunder or of any other breach or failure by such other Party whether of a similar nature or otherwise.

16.10. Waiver of Rule of Construction. Each Party has had the opportunity to consult with counsel in connection with the review, drafting and negotiation of this Agreement. Accordingly, the rule of construction that any ambiguity in this Agreement shall be construed against the drafting Party shall not apply.

16.11. Construction. Except where the context expressly requires otherwise, (a) the use of any gender herein shall be deemed to encompass references to either or both genders, and the use of the singular shall be deemed to include the plural (and vice versa), (b) the words “include”, “includes” and “including” shall be deemed to be followed by the phrase “without limitation”, (c) the word “will” shall be construed to have the same meaning and effect as the word “shall”, (d) any definition of or reference to any agreement, instrument or other document herein shall be construed as referring to such agreement, instrument or other document as from time to time amended, supplemented or otherwise modified (subject to any restrictions on such amendments, supplements or modifications set forth herein), (e) any reference herein to any person shall be construed to include the person’s successors and assigns, (f) the words “herein”, “hereof” and “hereunder”, and words of similar import, shall be construed to refer to this Agreement in its entirety and not to any particular provision hereof, (g) all references herein to Sections, Schedules, or Exhibits shall be construed to refer to Sections, Schedules or Exhibits as described in this Agreement, (h) the word “notice” means notice in writing (whether or not specifically stated) and shall include notices, consents, approvals and other written communications contemplated under this Agreement, (i) provisions that require that a Party, the Parties or any committee hereunder “agree”, “consent” or “approve” or the like shall require that such agreement, consent or approval be specific and in writing, whether by written agreement, letter, approved minutes or otherwise (but excluding e-mail and instant messaging), (j) references to any specific law, rule or regulation, or Section, section or other division thereof, shall be deemed to include the then-current amendments thereto or any replacement or successor law, rule or regulation thereof, and (k) the term “or” shall be interpreted in the inclusive sense commonly associated with the term “and/or” where applicable.

16.12. Counterparts. This Agreement 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. Each Party shall be entitled to rely on the delivery of executed facsimile copies of counterpart execution pages of this Agreement and such facsimile copies shall be legally effective to create a valid and binding agreement among the Parties.

16.13. Language. This Agreement is in the English language only, which language shall be controlling in all respects, and all versions hereof in any other language shall be for accommodation only and shall not be binding upon the Parties. All communications and notices to be made or given pursuant to this Agreement, and any dispute proceeding related to or arising hereunder, shall be in the English language. If there is a discrepancy between any translation of this Agreement and this Agreement, this Agreement shall prevail.

[Signature Page Follows]
IN WITNESS WHEREOF, the Parties intending to be bound have caused this Agreement to be executed by their duly authorized representatives as of the Effective Date.

Turning Point Therapeutics, Inc.                                      Zai Lab (Shanghai) Co., Ltd.

By: /s/ Athena Countouriotis                                      By: /s/ Samantha Du

Name: Athena Countouriotis                                          Name: Samantha Du

Title: Chief Executive Officer                                     Title: CEO and Chairperson

Date: January 10, 2021                                             Date: January 10, 2021
### Schedule 1.70

**Licensed Patents**

| *** | *** | *** | *** | *** | *** |

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243114420 v7
Schedule 5.4(a)

Global Development Plan

[***]
Schedule 5.4(b)

Existing Global Studies

[***]
We consent to the incorporation by reference in the following Registration Statements:

(1) Registration Statement (Form S-3 No. 333-238300) of Turning Point Therapeutics, Inc., and
(2) Registration Statement (Form S-8 Nos. 333-231372 and 333-237250) pertaining to the 2013 Equity Incentive Plan (Prior Plan) of Turning Point Therapeutics, Inc., the 2019 Equity Incentive Plan of Turning Point Therapeutics, Inc., and the 2019 Employee Stock Purchase Plan of Turning Point Therapeutics, Inc.;

of our reports dated March 1, 2021, with respect to the financial statements of Turning Point Therapeutics, Inc. and the effectiveness of internal control over financial reporting of Turning Point Therapeutics, Inc. included in this Annual Report (Form 10-K) of Turning Point Therapeutics, Inc. for the year ended December 31, 2020.

/s/ Ernst & Young LLP

San Diego, California
March 1, 2021
CERTIFICATION PURSUANT TO
RULES 13a-14(a) AND 15d-14(a) UNDER THE SECURITIES EXCHANGE ACT OF 1934,
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Athena Countouriotis, certify that:

1. I have reviewed this annual report on Form 10-K of Turning Point Therapeutics, 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)) [omitted pursuant to Rules 13a-14(a) and 15d-14(a)] for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 1, 2021

By: __________________________
   Athena Countouriotis, M.D.
   President & Chief Executive Officer
   (Principal Executive Officer)
I, Yi Larson, certify that:

1. I have reviewed this annual report on Form 10-K of Turning Point Therapeutics, 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)) [omitted pursuant to Rules 13a-14(a) and 15d-14(a)] for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 1, 2021

By: ____________________________ /s/Yi Larson

Yi Larson
Executive Vice President and Chief Financial Officer
(Principal Financial Officer)
CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of Turning Point Therapeutics, Inc. (the “Company”) on Form 10-K for the year ended December 31, 2020 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

Date: March 1, 2021

By: /s/ Athena Countouriotis
Athena Countouriotis, M.D.
President & Chief Executive Officer
(Principal Executive Officer)
CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of Turning Point Therapeutics, Inc. (the “Company”) on Form 10-K for the year ended December 31, 2020 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

Date: March 1, 2021

By: /s/ Yi Larson
Yi Larson
Executive Vice President and Chief Financial Officer
(Principal Financial Officer)