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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended March 31, 2021

or

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

For the transition period from _____ to _____

Commission File Number: 001-37718

F-STAR THERAPEUTICS, INC.
(Exact Name of Registrant as Specified in its Charter)

Delaware	**52-2386345**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**
Eddeva B920 Babraham Research Campus Cambridge, United Kingdom CB22 3AT	
(Address of principal executive offices)	**N/A (Zip Code)**

Registrant's telephone number, including area code: +44-1223-497400

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

Title of Each Class	Trading Symbol	Name of each exchange on which registered
Common Stock, $0.0001 par value per share	**FSTX**	**The Nasdaq Stock Market (Nasdaq Capital Market)**

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

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

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

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

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

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

The number of shares of Registrant's Common Stock outstanding as of May 12, 2021 was 19,365,931.

F-star Therapeutics Inc.

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PART I. FINANCIAL INFORMATION

FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q contains forward-looking statements that involve substantial risks and uncertainties. All statements, other than statements of historical facts, contained in this Quarterly Report on Form 10-Q, including statements regarding our strategy, future operations, future financial position, projected costs, prospects, plans and objectives of management, are forward-looking statements. In some cases, you can identify forward-looking statements by terms including, but not limited to, "may," "likely," "will," "should," "would," "design," "expect," "seek," "plan," "anticipate," "could," "intend," "target," "project," "believe," "estimate," "predict," "potential" or "continue" or the negative of these terms or other similar expressions.

These forward-looking statements include, but are not limited to, statements about:

- our ongoing and planned preclinical studies and clinical trials;
- preclinical study data and clinical trial data and the timing of results of our ongoing clinical studies and/or trials;
- our plans to seek and enter into clinical trial collaborations and other broader collaborations;
- the direct and indirect impact of the COVID-19 pandemic on our business operations and financial condition, including manufacturing, research and development costs, clinical trials, regulatory processes and employee expenses; and
- our estimates regarding prospects, strategies, expenses, operating capital requirements, results of operations and needs for additional financing.

Although we believe that we have a reasonable basis for each forward-looking statement contained in this Quarterly Report, 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. Factors that could cause actual results or events to differ materially from the forward-looking statements that we make include, but are not limited to, the following:

- We are very early in our development efforts and our product candidates may not be successful in later stage clinical trials. Results obtained in our preclinical studies and clinical trials to date are not necessarily indicative of results to be obtained in future clinical trials. As a result, our product candidates may never be approved as marketable therapeutics.
- We will need additional funding to complete the development of our product candidates and before we can expect to become profitable from the sales of our products, if approved. If we are unable to raise capital when needed, we could be forced to delay, reduce or eliminate our product development programs or commercialization efforts.
- We rely, and expect to continue to rely, on third parties to conduct our clinical trials and to manufacture our product candidates for preclinical and clinical testing. These third parties may not perform satisfactorily, which could delay our product development activities.
- If we are unable to adequately protect our proprietary technology or obtain and maintain issued patents which are sufficient to protect our product candidates, others could compete against us more directly, which would have a material adverse impact on our business, results of operations, financial condition and prospects.
- We may not be able to retain key executives or to attract, retain and motivate key personnel. If we are unable to retain such key personnel, it could have a material adverse impact on our business and prospects.
- Business interruptions resulting from the coronavirus disease ("COVID-19") outbreak or similar public health crises could cause a disruption of the development of our product candidates and adversely impact our business.

You should read this Quarterly Report on Form 10-Q and the documents that we have filed as exhibits to this Quarterly Report on Form 10-Q completely and with the understanding that our actual future results may be materially different from what we expect. You should also read carefully the factors described in "Item 1A. Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2020, as filed with the Securities and Exchange Commission (the "SEC") on March 30, 2021, to better understand the risks and uncertainties inherent in our business and underlying any forward-looking statements. You are advised, however, to consult any further disclosures we make on related subjects in our subsequent Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, press releases, and our website. Any forward-looking statements that we make in this Quarterly Report on Form 10-Q speak only as of the date of this Quarterly Report on Form 10-Q, and we undertake no obligation to update such statements to reflect events or circumstances after the date of this Quarterly Report on Form 10-Q or to reflect the occurrence of unanticipated events.

PART I—FINANCIAL INFORMATION

Item 1. Financial Statements.

F-star Therapeutics Inc.
Consolidated Balance Sheets
(In Thousands, Except Share and Per Share Amounts)

	March 31, 2021 Unaudited	December 31 2020
Assets		
Current Assets:		
Cash and cash equivalents	$ 3,680	$ 18,526
Accounts receivable	2,799	—
Prepaid expenses and other current assets	3,308	3,976
Tax incentive receivable	4,017	3,563
Total current assets	13,804	26,065
Property and equipment, net	1,063	789
Right of use asset	3,978	2,782
Goodwill	14,980	14,926
In-process research and development	19,157	18,986
Other long-term assets	454	61
Total assets	$ 53,436	$ 63,609
Liabilities and Stockholders' Equity		
Current Liabilities:		
Accounts payable	$ 4,084	$ 4,597
Accrued expenses and other current liabilities	7,062	9,461
Contingent value rights	2,200	2,080
Lease obligations, current	969	539
Deferred revenue	—	300
Total current liabilities	14,315	16,977
Lease obligations	3,385	2,622
Contingent value rights	320	440
Deferred tax liability	576	576
Total liabilities	18,596	20,615
Commitments and contingencies		
Stockholders' equity:		
Preferred stock, $0.0001 par value; authorized, 10,000,000 shares at March 31, 2021 and December 31, 2020; no shares issued or outstanding at March 31, 2021 and December 31, 2020	—	—
Common Stock, $0.0001 par value; authorized 200,000,000 shares at March 31, 2021 and December 31, 2020; 9,100,320 and 9,100,117 shares issued and outstanding at March 31, 2021 and December 31, 2020	1	1
Additional paid-in capital	93,418	91,238
Accumulated other comprehensive loss	(1,542)	(1,077)
Accumulated deficit	(57,037)	(47,168)
Total stockholders' equity	34,840	42,994
Total liabilities and stockholders' equity	$ 53,436	$ 63,609

See accompanying notes to consolidated financial statements.

F-star Therapeutics Inc.
Consolidated Statements of Operations and Comprehensive Loss
(Unaudited)
(In thousands, Except Share and Per Share Amounts)

	For the Three Months Ended March 31,	
	2021	2020
License revenue	$ 2,917	1,355
Operating expenses:		
Research and development	7,267	3,400
General and administrative	6,429	3,189
Total operating expenses	13,696	6,589
Loss from operations	(10,779)	(5,234)
Other non-operating (expense) income:		
Other income (expense)	1,018	(1,527)
Change in fair-value of convertible debt	—	(386)
Loss before income taxes	(9,761)	(7,147)
Income tax expense	(108)	(12)
Net loss	$ (9,869)	$ (7,159)
Net loss attributable to common stockholders	$ (9,869)	$ (7,159)
Basic and diluted adjusted net loss per common shares	$ (1.08)	$ (3.92)
Weighted-average number of shares outstanding, basic and diluted	9,100,273	1,826,070
Other comprehensive loss:		
Net loss	$ (9,869)	(7,159)
Other comprehensive gain (loss):		
Foreign currency translation	(465)	23
Total comprehensive loss	$ (10,334)	$ (7,136)

See accompanying notes to consolidated financial statements.

F-star Therapeutics Inc.
Consolidated Statements of Cash Flows (Unaudited)
(In Thousands)

	For the Three Months Ended March 31,	
	2021	**2020**
Cash flows from operating activities:		
Net loss	$ (9,869)	(7,159)
Adjustments to reconcile net loss to net cash used in operating activities:		
Share based compensation expense	2,180	534
Foreign currency loss (gain)	(670)	1,294
Loss on disposal of fixed assets	(9)	(1)
Depreciation	144	180
Interest expense	77	256
Fair-value adjustment of convertible term loan		386
Operating right of use asset expense	278	136
Changes in operating assets and liabilities:		
Trade receivables	(2,805)	—
Prepaid expenses and other current assets	701	1,389
Tax incentive receivable	(413)	1,184
Accounts payable	(548)	1,497
Accrued expenses and other current liabilities	(2,473)	(1,427)
Deferred revenue	(304)	368
Operating lease liability	(272)	(161)
Other long-term asset	(395)	—
Net cash used in by operating activities	(14,378)	(1,524)
Cash flows from investing activities:		
Purchase of property, plant and equipment	(267)	—
Proceeds from sale of property, plant and equipment	15	—
Purchase of intangible assets	—	(62)
Net cash used in investing activities	(252)	(62)
Cash flows from financing activities:		
Proceeds from issuance of convertible notes	—	500
Net cash provided by financing activities	—	500
Net decrease in cash and cash equivalents	(14,630)	(1,086)
Effect of exchange rate changes on cash	(216)	(267)
Cash and cash equivalents at beginning of period	18,526	4,901
Cash and cash equivalents at end of period	$ 3,680	$ 3,548
Supplemental disclosure of cash flow information		
Cash paid for income taxes	$ —	$ 17
Purchases of property and equipment included in accounts payable and accrued expenses	$ 97	$ —
Non-cash investing and financing activities:		
Additions to ROU assets obtained from new operating lease liabilities	$ 1,468	$ —

See accompanying notes to consolidated financial statements.

F-star Therapeutics Inc.
Consolidated Statements of Stockholders' Equity
For the Three Months Ended March 31, 2021 and 2020
(Unaudited)
(In thousands, except share amounts)

For the Three Months Ended March 31, 2021	Shareholders' Equity					
	Common Shares					
	Number	Value	Capital in Excess of par Value	Accumulated Other Comprehensive Loss	Accumulated deficit	Total Stockholders' Equity
Balance at December 31, 2020	**9,100,117**	**$ 1**	**$ 91,238**	**$ (1,077)**	**$ (47,168)**	**$ 42,994**
Equity adjustment from foreign currency translation				(465)		(465)
Stock option exercises	203	—	—			—
Share-based compensation			2,180			2,180
Net loss					(9,869)	(9,869)
Balance at March 31, 2021	9,100,320	$ 1	$ 93,418	$ (1,542)	$ (57,037)	$ 34,840

For the Three Months Ended March 31, 2020	Shareholders' Equity							
	Seed preferred shares	Series A preferred shares	Common Shares					
	Number	Number	Number	Value	Capital in Excess of par Value	Accumulated Other Comprehensive Loss	Accumulated deficit	Total Stockholders' Equity
Balance at December 31, 2019	**103,611**	**1,441,418**	**4,128,441**	**$ 1**	**$ 31,718**	**$ (1,634)**	**$ (21,549)**	**$ 8,536**
Issuance of common stock for services rendered			6,720					—
Issuance of common stock in connection with at-the-market offering, net of issuance costs			10,450					—
Equity adjustment from foreign currency translation						23		23
Share-based compensation					534			534
Net loss							(7,159)	(7,159)
Balance at March 31, 2020	**103,611**	**1,441,418**	4,145,611	**$ 1**	**$** 32,252	**$** (1,611)	**$** (28,708)	**$** 1,934

See accompanying notes to consolidated financial statements.

1. Nature of Business and Summary of Significant Accounting Policies

Nature of Business

F-star Therapeutics, Inc. (collectively with its subsidiaries, "F-star" or the "Company") is a clinical-stage biopharmaceutical company dedicated to developing next generation immunotherapies to transform the lives of patients with cancer. F-star's goal is to offer patients better and more durable benefits than currently available immuno-oncology treatments by developing medicines that seek to block tumor immune evasion. Through its proprietary tetravalent, bispecific natural antibody (mAb$^{2™}$) format, F-star's mission is to generate highly differentiated medicines with monoclonal antibody-like manufacturability, good safety and tolerability. With four distinct binding sites in a natural human antibody format, F-star believes its proprietary technology will overcome many of the challenges facing current immuno-oncology therapies, due to the strong pharmacology enabled by tetravalent bispecific binding.

F-star's most advanced product candidate, FS118, is currently being evaluated in a proof-of-concept Phase 2 trial in PD-1/PD-L1 acquired resistance head and neck cancer patients. FS118 is a tetravalent mAb2 bispecific antibody targeting two receptors, PD-L1 and LAG-3, both of which are established pivotal targets in immuno- oncology. F-star's second product candidate, FS120, aims to improve checkpoint inhibitor and chemotherapy outcomes and is a mAb2 bispecific antibody that is designed to bind to and stimulate OX40 and CD137, two proteins found on the surface of T cells that both function to enhance T cell activity. F-star's third product candidate, FS222, aims to improve outcomes in low PD-L1 expressing tumors and is a mAb2 bispecific antibody that is designed to target both the costimulatory CD137 and the inhibitory PD-L1 receptors, which are co-expressed in a number of tumor types. SB 11285 which F-star acquired pursuant to a business combination with Spring Bank Pharmaceuticals, Inc. ("Spring Bank"), is a next generation cyclic dinucleotide STimulator of INterferon Gene ("STING") agonist designed to improve checkpoint inhibition outcomes as an immunotherapeutic compound for the treatment of selected cancers.

Share Exchange Agreement

On November 20, 2020, F-star Therapeutics, Inc., formerly known as Spring Bank Pharmaceuticals, Inc., completed a business combination (the "Transaction") with F-star Therapeutics Limited ("F-star Ltd") in accordance with the terms of the Share Exchange Agreement, dated July 29, 2020 (the "Exchange Agreement"), by and among the Company, F-star Ltd and certain holders of capital stock and convertible notes of F-star Ltd (each a "Seller", and collectively with holders of F-star Ltd securities who subsequently became parties to the Exchange Agreement, the "Sellers"). Pursuant to the Exchange Agreement, each ordinary share of F-star Ltd outstanding immediately prior to the closing of the Transaction (the "Closing") was exchanged by the Sellers that owned such F-star Ltd shares for a number of duly authorized, validly issued, fully paid and non-assessable shares of Company common stock pursuant to the exchange ratio formula set forth in the Exchange Agreement (the "Exchange Ratio"), rounded to the nearest whole share of Company common stock (after aggregating all fractional shares of Company common stock issuable to such Seller). Also, on November 20, 2020, in connection with, and prior to completion of, the Transaction, Spring Bank effected a 1-for-4 reverse stock split of its common stock (the "Reverse Stock Split") and, following the completion of the Transaction, changed its name to F-star Therapeutics, Inc. Following the completion of the Transaction, the business of the Company became the business conducted by F-star, which is a clinical-stage immuno-oncology company focused on cancer treatment through its proprietary tetravalent bispecific antibody programs. Unless otherwise noted, all references to share amounts in this report reflect the Reverse Stock Split.

Under the terms of the Exchange Agreement, at the Closing, Spring Bank issued an aggregate of 4,620,618 shares of its common stock to F-star Ltd stockholders, based on an Exchange Ratio of 0.1125 shares of Spring Bank common stock for each F-star Ltd ordinary share, stock option and restricted stock unit ("RSU") outstanding immediately prior to the Closing. The Exchange Ratio was determined through arms-length negotiations between Spring Bank and F-star Ltd pursuant to a formula set forth in the Exchange Agreement.

Pursuant to the Exchange Agreement, immediately prior to the Closing, certain investors in F-star Ltd purchased $15.0 million of F-star Ltd ordinary shares (the "Pre-Closing Financing"). These ordinary shares of F-star Ltd were then exchanged at the Closing for shares of the Company's common stock in the Transaction at the same Exchange Ratio.

Pursuant to the Exchange Agreement, all outstanding options to purchase Spring Bank common stock were accelerated immediately prior to the Closing, and each outstanding option with an exercise price greater than the closing price of Spring Bank common stock on the date of the Closing (the "Closing Date") was exercised in full, and all other outstanding options to purchase Company common stock were cancelled effective as of the Closing Date.

Immediately following the Reverse Stock Split and the Closing, there were approximately 4,449,559 shares of Spring Bank common stock outstanding. Following the Closing, the F-star Ltd stockholders beneficially owned approximately 53.7% of the combined Company's common stock and the existing stockholders of Spring Bank beneficially owned approximately 46.3% of the Company's common stock outstanding. Concurrently with the execution of the Exchange Agreement, certain officers and directors of Spring Bank and F-star Ltd and certain stockholders of F-star Ltd entered into lock-up agreements, pursuant to which they agreed to certain restrictions on transfers of any shares of the Company's common stock for the 180-day period following the Closing, other than the shares of the Company's common stock received in exchange for ordinary shares of F-star Ltd subscribed for in the Pre-Closing Financing and pursuant to certain other limited exceptions.

In addition, at the Closing, Spring Bank, F-star Ltd, a representative of Spring Bank stockholders prior to the Closing, and Computershare Trust Company N.A., as the Rights Agent, entered into a STING Agonist Contingent Value Rights Agreement (the "STING Agonist CVR Agreement"). Pursuant to the Exchange Agreement and the STING Agonist CVR Agreement, each pre-Reverse Stock Split share of Company common stock held by stockholders as of the record date on November 19, 2020, immediately prior to the Closing, received a dividend of one contingent value right ("CVR") ("STING Agonist CVR"), payable on a pre-Reverse Stock Split basis, entitling such holders to receive, in connection with certain transactions involving the proprietary STING agonist compound designated as SB 11285 occurring on or prior to the STING Agonist CVR Expiration Date (as defined below) that resulted in aggregate Net Proceeds (as defined in the STING Agonist CVR Agreement) at least equal to the Target Payment Amount (as defined below), an aggregate amount equal to the greater of (i) 25% of the Net Proceeds received from all CVR Transactions (as defined in the STING Agonist CVR Agreement) and (ii) an aggregate amount equal to the product of $1.00 and the total number of shares of Company common stock outstanding as of such record date (not to exceed an aggregate amount of $18.0 million) (the "Target Payment Amount").

The CVR payment obligation expires on the later of 18 months following the Closing or the one-year anniversary of the date of the final database lock of the STING clinical trial (as defined in the STING Agonist CVR Agreement) (the "STING Agonist CVR Expiration Date"). The STING Agonist CVRs are not transferable, except in certain limited circumstances, are not certificated or evidenced by any instrument, do not accrue interest, and are not registered with the Securities and Exchange Commission (the "SEC") or listed for trading on any exchange. Until the STING Agonist CVR Expiration Date, subject to certain exceptions, the Company is required to use commercially reasonable efforts to (a) complete the STING Trial and (b) pursue a CVR Transaction. The STING Agonist CVR Agreement became effective upon the Closing and, unless terminated earlier in accordance with its terms, will continue in effect until the STING Agonist CVR Expiration Date or all CVR payment amounts are paid pursuant to their terms.

At the Closing, Spring Bank, F-star Ltd, a representative of Spring Bank stockholders prior to the Closing, and Computershare Trust Company N.A., as the Rights Agent, also entered into a STING Antagonist Contingent Value Rights Agreement (the "STING Antagonist CVR Agreement"). Pursuant to the Exchange Agreement and the STING Antagonist CVR Agreement, each share of common stock held by Spring Bank stockholders as of November 19, 2020, immediately prior to the Closing, received a dividend of one CVR ("STING Antagonist CVR") entitling such holders to receive, in connection with the execution of a potential development agreement (the "Approved Development Agreement") and certain other transactions involving proprietary STING antagonist compound occurring on or prior to the STING Antagonist CVR Expiration Date (as defined below) equal to 80% of all net proceeds (as defined in the STING Antagonist CVR Agreement) received by the Company after the Closing pursuant to (i) the Approved Development Agreement, if any, and (ii) all CVR Transactions (as defined in the STING Antagonist CVR Agreement) entered into prior to the STING Antagonist CVR Expiration Date.

The CVR payment obligations expire on the seventh anniversary of the Closing (the "STING Antagonist CVR Expiration Date"). The STING Antagonist CVRs are not transferable, except in certain limited circumstances, are not certificated or evidenced by any instrument, do not accrue interest, and are not registered with the SEC or listed for trading on any exchange. Until the STING Antagonist CVR Expiration Date, subject to certain exceptions, the Company is required to use commercially reasonable efforts to (a) consummate the Approved Development Agreement, (b) to perform the terms of the Approved Development Agreement and (c) pursue CVR Transactions. The STING Antagonist CVR Agreement became effective upon the Closing and, unless terminated earlier in accordance with its terms, will continue in effect until the STING Antagonist CVR Expiration Date or all CVR payment amounts are paid pursuant to their terms.

The acquisition-date fair value of the CVR liability represents the future payments that are contingent upon the achievement of sale or licensing for the product candidates. The fair value of the contingent consideration acquired of $2.5 million as of December 31, 2020 and as of March 31, 2021 is based on the Company's probability-weighted discounted cash flow assessment that considers probability and timing of future payments. The fair value measurement is based on significant Level 3 unobservable inputs such as the probability of achieving a sale or licensing agreement, anticipated timelines, and discount rate. Changes in the fair value of the liability will be recognized in the consolidated statement of operations and comprehensive loss until settlement.

All issued and outstanding F-star Ltd share options granted under F-star's three legacy equity incentive plans became exercisable in full immediately prior to the Closing. At the Closing, all issued share options and restricted stock units granted by F-star Ltd under the F-star Therapeutics Limited 2019 Equity Incentive Plan (the "2019 Plan") were replaced by options ("Replacement Options") and awards ("Replacement RSUs"), on the same terms (including vesting), for Company common stock, based on the Exchange Ratio.

The Company's common stock, which was listed on the Nasdaq Capital Market, traded through the close of business on Friday, November 20, 2020 under the ticker symbol "SBPH" and continued trading on the Nasdaq Capital Market, on a post-Reverse Stock Split adjusted basis, under the ticker symbol "FSTX" beginning on Monday, November 23, 2020. Commencing on November 23, 2020, the Company's common stock was represented by a new CUSIP number, 30315R 107. After the Transaction, the Company had approximately $30 million in cash. The combined company is now headquartered out of F-star Ltd's existing facilities in Cambridge, United Kingdom and office in Cambridge, MA.

The Transaction was accounted for as a business combination using the acquisition method of accounting under the provisions of Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC"), Topic 805, *Business Combinations* ("ASC 805"). The Transaction was accounted for as a reverse acquisition with F-star Ltd being deemed the acquiring company for accounting purposes. Under ASC 805, F-star Ltd, as the accounting acquirer, recorded the assets acquired and liabilities assumed of Spring Bank in the Transaction at their fair values as of the acquisition date (see Note 2 of the financial statements).

F-star Ltd was determined to be the accounting acquirer based on an analysis of the criteria outlined in ASC 805 and the facts and circumstances specific to the Transaction, including the fact that immediately following the Transaction: (1) F-star Ltd shareholders owned the majority of the voting rights of the combined company; (2) F-star Ltd designated a majority (five of eight) of the initial members of the board of directors of the combined company; and (3) F-star Ltd senior management held the key positions in senior management of the combined company. As a result, upon consummation of the Transaction, the historical financial statements of F-star Ltd became the historical financial statements of the combined organization.

Liquidity

On March 30, 2021, the Company entered into a Sales Agreement (the "2021 Sales Agreement") with SVB Leerink LLC ("SVB Leerink") with respect to an "at-the-market" offering as defined in Rule 415 of the Securities Act of 1933, as amended, under which the Company could offer and sell, from time to time in its sole discretion, shares of its common stock, par value $0.0001 per share, having an aggregate offering price of up to $50.0 million through SVB Leerink as its sales agent. As of May 6, 2021, the Company had issued and sold 979,843 shares of common stock for gross proceeds of $9.5 million, resulting in net proceeds of $9.2 million after deducting sales commissions and offering expenses. On May 6, 2021, the Company terminated the 2021 Sales Agreement.

On May 6, 2021, the Company entered into an underwriting agreement with SVB Leerink, as representative of the underwriters, relating to an underwritten public offering of approximately 9.3 million shares of the Company's common stock, par value $0.0001 per share. The underwritten public offering resulted in gross proceeds of $65.0 million. The Company incurred $3.9 million in issuance costs associated with the underwritten public offering, resulting in net proceeds to the Company of $61.1 million.

On April 1, 2021, the Company, as borrower, entered into a Venture Loan and Security Agreement (the "Loan and Security Agreement") with Horizon Technology Finance Corporation ("Horizon"), as lender and collateral agent for itself. The Loan and Security Agreement provides for four (4) separate and independent $2.5 million term loans ("Loan A", "Loan B", "Loan C", and "Loan D") (with each of Loan A, Loan B, Loan C and Loan D, individually a "Term Loan" and, collectively, the "Term Loans"), whereby, upon the satisfaction of all the conditions to the funding of the Term Loans, each Term Loan will be delivered by Horizon to the Company in the following manner: (i) Loan A was to be delivered by Horizon to the Company prior to April 1, 2021, (ii) Loan B was required to be delivered by Horizon to the Company prior to April 1, 2021, (iii) Loan C is required to be delivered by Horizon to the Company prior to June 30, 2021, and (iv) Loan D is required to be delivered by Horizon to the Company prior to June 30, 2021. The Company may only use the proceeds of the Term Loans for working capital or general corporate purposes as contemplated by the Loan and Security Agreement. On April 1, 2021, the Company drew down $5 million under this facility.

The Company has incurred significant losses and has an accumulated deficit of $57.0 million as of March 31, 2021. F-star expects to incur substantial losses in the foreseeable future as it conducts and expands its research and development activities and clinical trial activities. As of May 17, 2021, the date of issuance of the consolidated financial statements, after proceeds from the ATM, Sales Agreement and drawdown of the Term Loans, the Company's cash of approximately $76.3 million will be sufficient to fund its current operating plan and planned capital expenditures for at least the next 12 months.

The Company may continue to seek additional funding through public equity, private equity, debt financing, collaboration partnerships, or other sources. There are no assurances, however, that the Company will be successful in raising additional working capital, or if it is able to raise additional working capital, it may be unable to do so on commercially favorable terms. The Company's failure to raise future capital or enter into other such arrangements if and when needed would have a negative impact on its business, results of operations and financial condition and its ability to develop its product candidates.

Basis of Presentation

The accompanying consolidated financial statements have been prepared in accordance with United States generally accepted accounting principles ("U.S. GAAP").

The accompanying interim financial statements as of March 31, 2021 and for the three months ended March 31, 2021 and 2020, and related interim information contained within the notes to the financial statements, are unaudited. In management's opinion, the unaudited interim consolidated financial statements have been prepared on the same basis as the Company's audited financial statements and include all adjustments (including normal recurring adjustments) necessary for the fair presentation of the Company's financial position as of March 31, 2021, results of operations for the three months ended March 31, 2021 and 2020, statement of stockholders' equity for the three months ended March 31, 2021 and 2020 and its cash flows for the three months ended March 31, 2021 and 2020. These interim financial statements should be read in conjunction with the Company's audited financial statements and accompanying notes contained in the Company's Annual Report on Form 10-K for the year ended December 31, 2020. The results for the three months ended March 31, 2021 are not necessarily indicative of the results expected for the full fiscal year or any interim period.

Principles of Consolidation

The Company's financial statements have been prepared in conformity with U.S. GAAP. Any reference in these notes to applicable guidance is meant to refer to the authoritative U.S. GAAP as found in the ASC and Accounting Standards Updates ("ASU") of the FASB. The accompanying consolidated financial statements include the accounts of F-star Therapeutics Inc. and its wholly owned subsidiaries. All intercompany balances and transactions between the consolidated companies have been eliminated in consolidation.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of expenses during the reporting years. Significant estimates and assumptions reflected in these consolidated financial statements include, but are not limited to, the fair value of the assets and liabilities acquired in the transaction between Spring Bank and F-star Ltd

fair value of the convertible loan containing embedded derivatives, the fair value of contingent value rights, the accrual for research and development expenses, revenue recognition, fair values of acquired intangible assets and impairment review of those assets, share based compensation expense, and income taxes. The Company bases its estimates on historical experience, known trends and other market-specific or other relevant factors that it believes to be reasonable under the circumstances. Estimates are periodically reviewed in light of reasonable changes in circumstances, facts and experience. Changes in estimates are recorded in the period in which they become known. Actual results could differ from those estimates or assumptions.

Concentrations of credit risk and of significant suppliers

Financial instruments that potentially expose the Company to concentrations of credit risk consist primarily of cash and cash equivalents. The Company maintains its cash and cash equivalents in financial institutions in amounts that could exceed government-insured limits. The Company does not believe it is subject to additional credit risks beyond those normally associated with commercial banking relationships.

The Company is dependent on contract research organizations to provide its clinical trials and third-party manufacturers to supply products for research and development activities in its programs. In particular, the Company relies and expects to continue to rely on a small number of manufacturers to supply its requirements for supplies and raw materials related to these programs. These programs could be adversely affected by a significant interruption in these manufacturing services or the availability of raw materials.

Property, plant and equipment

Property, plant and equipment are stated at cost, less accumulated depreciation. Depreciation expense is recognized using the straight-line method over the estimated useful lives of the respective assets as follows:

	Estimated Useful Economic Life
Leasehold property improvements, right of use assets	Lesser of lease term or useful life
Laboratory equipment	5 years
Furniture and office equipment	3 years

Leases

The Company determines if an arrangement is a lease at inception. Operating leases are included in right-of-use (“ROU”) assets, and lease obligations in the Company’s consolidated balance sheets.

ROU assets represent the Company’s right to use an underlying asset for the lease term and lease liabilities represent its obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. As the Company’s leases do not provide an implicit rate, the Company uses an incremental borrowing rate based on the information available at commencement date in determining the present value of lease payments. This is the rate the Company would have to pay if borrowing on a collateralized basis over a similar term to each lease. The operating lease ROU asset also includes any lease payments made and excludes lease incentives. The Company’s lease terms may include options to extend or terminate the lease when it is reasonably certain that the Company will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

Impairment of Long-Lived Assets

Long-lived assets to be held and used are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable. When such events occur, the Company compares the carrying amounts of the assets to their undiscounted expected future cash flows. If the undiscounted cash flows are insufficient to recover the carrying value, an impairment loss is recorded for the difference between the carrying value and fair value of the asset. As of March 31, 2021, no such impairment has been recorded.

License and collaboration arrangements and revenue recognition

The Company’s revenues are generated primarily through license and collaboration agreements with pharmaceutical and biotechnology companies. The terms of these arrangements may include (i) the grant of intellectual property rights (IP licenses) to therapeutic drug candidates against specified targets, developed using the Company’s proprietary mAb2 bispecific antibody platform, (ii) performing research and development services to optimize drug candidates, and (iii) the grant of options to obtain additional research and development services or licenses for additional targets, or to optimize product candidates, upon the payment of option fees.

The terms of these arrangements typically include payment to the Company of one or more of the following:
non-refundable, upfront license fees; payments for research and development services; fees upon the exercise of options to obtain additional services or licenses; payments based upon the achievement of defined collaboration objectives; future regulatory and sales-based milestone payments; and royalties on net sales of future products.

The Company has adopted FASB ASC Topic 606, *Revenue from Contracts with Customers* ("ASC 606"). This standard applies to all contracts with customers, except for contracts that are within the scope of other standards, such as leases, insurance, collaboration arrangements and financial instruments. To date, the Company has entered into License and Collaboration Agreements with Denali, and Ares (an affiliate of Merck KGaA, Darmstadt, Germany) which were determined to be within the scope of 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 which the entity expects to receive in exchange for those goods or services. In determining the appropriate amount of revenue to be recognized under ASC 606, the Company performs the following steps: (i) identification of the promised goods or services in the contract; (ii) determination as to whether the promised goods or services are performance obligations including whether they are distinct in the context of the contract; (iii) measurement of the transaction price, including the constraint on variable consideration; (iv) allocation of the transaction price to the performance obligations; and (v) recognition of revenue when (or as) the Company satisfies each performance obligation. As part of the accounting for these arrangements, the Company must make significant judgments, including identifying performance obligations in the contract, estimating the amount of variable consideration to include in the transaction price and allocating the transaction price to each performance obligation.

Once a contract is determined to be within the scope of ASC 606, the Company assesses the goods or services promised within the 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.

Performance obligations are promised goods or services in a contract to transfer a distinct good or service to the customer. The promised goods or services in the Company's contracts with customers primarily consist of license rights to the Company's intellectual property for research and development, research and development services, options to acquire additional research and development services, and options to obtain additional licenses, such as a commercialization license for a potential product candidate. Promised goods or services are considered distinct when: (i) the customer can benefit from the good or service on its own or together with other readily available resources; and (ii) the promised good or service is separately identifiable from other promises in the contract.

In assessing whether promised goods or services are distinct, the Company considers factors such as the stage of development of the underlying intellectual property, the capabilities of the customer to develop the intellectual property on their own and whether the required expertise is readily available. In addition, the Company considers whether the collaboration partner can benefit from a promise for its intended purpose without the receipt of the remaining promises, whether the value of the promise is dependent on the unsatisfied promises, whether there are other vendors that could provide the remaining promises, and whether it is separately identifiable from the remaining promises. The Company estimates the transaction price based on the amount of consideration the Company expects to receive for transferring the promised goods or services in the contract. The consideration may include both fixed consideration and variable consideration. At the inception of each arrangement that includes variable consideration, the Company evaluates the amount of the potential payments and the likelihood that the payments will be received. The Company utilizes either the most likely amount method or expected value method to estimate variable consideration to include in the transaction price based on which method better predicts the amount of consideration expected to be received. 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.

After the transaction price is determined, it is allocated to the identified performance obligations based on the estimated standalone selling price. The Company must develop assumptions that require judgment to determine the standalone selling price for each performance obligation identified in the contract. The Company utilizes key assumptions to determine the standalone selling price, which may include other comparable transactions, pricing considered in negotiating the transaction, probabilities of technical and regulatory success and the estimated costs. Certain variable consideration is allocated specifically to one or more performance obligations in a contract when the terms of the variable consideration relate to the satisfaction of the performance obligation and the resulting amounts allocated to each performance obligation are consistent with the amounts the Company would expect to receive for each performance obligation.

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 at a point in time or over time, and if over time based on the use of an input method. The Company accounts for contract modifications as a separate contract if both of the following conditions are met:

(i) the scope of the contract increases because of the addition of promised goods or services that are distinct; and

(ii) the price of the contract increases by an amount of consideration that reflects standalone selling prices of the additional promised goods or services and any appropriate adjustments to that price to reflect the circumstances of the particular contract.

If a contract modification is deemed to not be a separate contract, then the transaction price is updated and allocated to the remaining performance obligations (both from the existing contract and the modification). Previously recognized revenue for goods and services that are not distinct from the modified goods or services is adjusted based upon an updated measure of progress for the partially satisfied performance obligations.

If a contract modification is deemed to be a separate contract, any revenue recognized under the original contract is not retrospectively adjusted and any performance obligations remaining under the original contract continue to be recognized under the terms of that contract.

The Company's collaboration revenue arrangements include the following:

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

Milestone payments: The Company's collaboration agreements may include development and regulatory milestones. 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. The Company evaluates factors such as the scientific, clinical, regulatory, commercial, and other risks that must be overcome to achieve the particular milestone in making this assessment. 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 not considered probable of being achieved until those approvals are received. At the end of each reporting period, the Company re-evaluates the probability of achievement of such milestones and any related constraint, and if necessary, adjusts the estimate of the overall transaction price. Any such adjustments are recorded on a cumulative catch-up basis, which would affect collaboration revenue and net loss in the period of adjustment.

Customer Options: The Company evaluates the customer options to obtain additional items (i.e., additional license rights) for material rights, or options to acquire additional goods or services for free or at a discount. Optional future services that reflect their standalone selling prices do not provide the customer with a material right and, therefore, are not considered performance obligations and are accounted for as separate contracts. If optional future services include a material right, they are accounted for as performance obligations. The Company determines an estimated standalone selling price of any material rights for the purpose of allocating the transaction price. The Company considers factors such as the identified discount and the probability that the customer will exercise the option. Amounts allocated to a material right are not recognized as revenue until, at the earliest, the option is exercised or expires.

Royalties: For arrangements that include sales-based royalties, including milestone payments based on a level of sales, and the license is deemed to be the predominant item to which the royalties relate, the Company will recognize revenue at the later of (i) when the related sales occur, or (ii) when the performance obligation to which some or all of the royalty has been allocated has been satisfied (or partially satisfied). To date, the Company has not recognized any revenue related to sales-based royalties or milestone payments based on the level of sales.

Research and Development Services: The promises under the Company's collaboration agreements may include research and development services to be performed by the Company on behalf of the partner. Payments or reimbursements resulting from the Company's research and development efforts are recognized as the services are performed and presented on a gross basis because the Company is the principal for such efforts.

Research and development costs

Research and development costs are expensed as incurred. Research and development expenses are comprised of costs incurred in performing research and development activities, including compensation expense, share-based compensation and benefits, facilities costs and laboratory supplies, depreciation, amortization and impairment expense, manufacturing expenses and external costs of outside vendors engaged to conduct preclinical development activities and clinical trials as well as the cost of licensing technology. Typically, upfront payments and milestone payments made for the licensing of technology are expensed as research and development in the period in which they are incurred, except for payments relating for intellectual property rights with future alternative use which will be expensed when the intellectual property is in use. Nonrefundable advance payments for goods or services to be received in the future for use in research and development activities are recorded as prepaid expenses. The prepaid amounts are expensed as the related goods are delivered or the services are performed.

Warrants

The Company accounts for warrants within stockholders equity or as liabilities based on the characteristics and provisions of each instrument. The Company evaluates outstanding warrants in accordance with ASC 480, Distinguishing Liabilities from Equity, and ASC 815, Derivatives and Hedging. If none of the criteria in the evaluation in these standards are met, the warrants are classified as a component of stockholders' equity and initially recorded at their grant date fair value without subsequent remeasurement. Warrants that meet the criteria are classified as liabilities and remeasured to their fair value at the end of each reporting period.

Stock-Based Compensation

The Company accounts for share-based compensation in accordance with ASC 718, "Compensation – Stock Compensation"("ASC 718"). ASC 718 requires companies to estimate the fair value of equity-based payment awards on the date of grant. The value of the portion of the award that is ultimately expected to vest is recognized as an expense over the requisite service period in the Company's consolidated statements of operations and comprehensive loss.

The Company records the expense for option awards using a graded vesting method. The Company accounts for forfeitures as they occur. For share-based awards granted to non-employee consultants, the measurement date for non-employee awards is the date of grant. The compensation expense is then recognized over the requisite service period, which is the vesting period of the respective award.

The Company reviews stock award modifications when there is an exchange of original award for a new award. The Company calculates for the incremental fair value based on the difference between the fair value of the modified award and the fair value of the original award immediately before it was modified. The Company immediately recognizes the incremental value as compensation cost for vested awards and recognizes, on a prospective basis over the remaining requisite service period, the sum of the incremental compensation cost and any remaining unrecognized compensation cost for the original award on the modification date.

The fair value of stock options ("options") on the grant date is estimated using the Black-Scholes option-pricing model using the single-option approach. The Black-Scholes option pricing model requires the use of highly subjective and complex assumptions, including the option's expected term and the price volatility of the underlying stock, to determine the fair value of the award.

Historically, given the absence of an active market for the ordinary shares of F-star Ltd, the board of directors determined the estimated fair value of the Company's equity instruments based on input from management, which utilized the most recently available independent third-party valuation, and considered a number of objective and subjective factors, including external market conditions affecting the biotechnology industry sector. Each valuation methodology included estimates and assumptions that require judgment. These estimates and assumptions included a number of objective and subjective factors in determining the value of F-star Ltd ordinary shares at each grant date. The expected volatility for F star Ltd was calculated based on reported volatility data for a representative group of publicly traded companies for which historical information was available. The historical volatility was calculated based on a period of time commensurate with the assumption used for the expected term. The risk-free interest rate was based on the U.S. Treasury yield curve in effect at the time of grant commensurate with the expected term assumption. F-star Ltd used the simplified method, under which the expected term is presumed to be the midpoint between the vesting date and the end of the contractual term. F-star Ltd utilized this method due to the lack of historical exercise data and the plain nature of its share-based awards.

The Company uses the remaining contractual term for the expected life of non-employee awards. The expected dividend yield is assumed to be zero, as the Company has never paid dividends and has no current plans to pay any dividends.

The Company classifies share-based compensation expense in its consolidated statements of operations and comprehensive loss in the same manner in which the award recipient's payroll costs are classified or in which the award recipient's service payments are classified.

Fair value measurements of financial instruments

The Company's financial instruments consist of cash, accounts payable, CVRs and liability classified warrants. The carrying amounts of cash and accounts payable approximate their fair value due to the short-term nature of those financial instruments. The fair value of CVRs and the liability classified warrants are remeasured to fair value each reporting period.

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 on the measurement date. ASC Topic 820, *Fair Value Measurement* ("ASC 820"), establishes a fair value hierarchy for instruments measured at fair value that distinguishes between assumptions based on market data (observable inputs) and the Company's own assumptions (unobservable inputs). Observable inputs are inputs that market participants would use in pricing the asset or liability based on market data obtained from sources independent of the Company. Unobservable inputs are inputs that reflect the Company's assumptions about the inputs that market participants would use in pricing the asset or liability and are developed based on the best information available in the circumstances.

ASC 820 identifies fair value as the exchange price, or exit price, representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. As a basis for considering market participant assumptions in fair value measurements, ASC 820 establishes a three-tier fair value hierarchy that distinguishes between the following:

- Level 1 — Quoted prices in active markets for identical assets or liabilities.
- Level 2 — Observable inputs (other than Level 1 quoted prices), such as quoted prices in active markets for similar assets or liabilities, quoted prices in markets that are not active for identical or similar assets or liabilities, or other inputs that are observable or can be corroborated by observable market data.
- Level 3 — Unobservable inputs that are supported by little or no market activity that are significant to determining the fair value of the assets or liabilities, including pricing models, discounted cash flow methodologies and similar techniques.

To the extent that the valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment. Accordingly, the degree of judgment exercised by the Company in determining fair value is greatest for instruments categorized in Level 3. A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

The carrying amounts reflected in the consolidated balance sheets for cash and cash equivalents, and other current assets, research and development incentives receivable, accounts payable and accrued liabilities and other current liabilities approximate their fair values, due to their short-term nature.

Net loss per share

The Company computes net loss per share in accordance with ASC Topic 260, *Earnings Per Share* ("ASC 260") and related guidance, which requires two calculations of net (loss) income attributable to the Company's shareholders per share to be disclosed: basic and diluted. Convertible preferred shares are considered participating securities and are included in the calculation of basic and diluted net (loss) income per share using the two-class method. In periods where the Company reports net losses, such losses are not allocated to the convertible preferred shares for the computation of basic or diluted net (loss) income.

Diluted net (loss) income per share is the same as basic net (loss) income per share for the periods in which the Company had a net loss because the inclusion of outstanding common stock equivalents would be anti-dilutive.

Income taxes

The Company accounts for income taxes using the asset and liability method, which requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been recognized in the consolidated financial statements or in the Company's tax returns. Deferred tax assets and liabilities are determined on the basis of the differences between the consolidated financial statements and tax basis of assets and liabilities using enacted tax rates in effect for the year in which the differences are expected to reverse. Changes in deferred tax assets and liabilities are recorded in the provision for income taxes. The Company assesses the likelihood that its deferred tax assets will be recovered from future taxable income and, to the extent it believes, based upon the weight of available evidence, that it is more likely than not that all or a portion of the deferred tax assets will not be realized, a valuation allowance is established through a charge to income tax expense. Potential for recovery of deferred tax assets is evaluated by estimating the future taxable profits expected and considering prudent and feasible tax planning strategies.

The Company accounts for uncertainty the consolidated financial statements by applying a two-step process to determine the amount of tax benefit to be recognized. First, the tax position must be evaluated to determine the likelihood that it will be sustained upon external examination by the taxing authorities. If the tax position is deemed more-likely-than-not to be sustained, the tax position is then assessed to determine the amount of benefit to recognize in the consolidated financial statements. The amount of the benefit that may be recognized is the largest amount that will more likely than not be realized upon ultimate settlement. Any provision for income taxes includes the effects of any resulting tax reserves, or unrecognized tax benefits, that are considered appropriate as well as the related net interest and penalties.

Research and development tax credits received in the United Kingdom are recorded as a reduction to research and development expenses. The U.K. research and development tax credit is payable to the Company after surrendering tax losses and is not dependent on current or future taxable income. As a result, it is not reflected as part of the income tax provision If, in the future, any UK research and development tax credits generated are utilized to offset a corporate income tax liability in the United Kingdom, that portion would be recorded as a benefit within the income tax provision and any refundable portion not dependent on taxable income would continue to be recorded as a reduction to research and development expenses.

Contingencies

Liabilities for loss contingencies arising from claims, assessments, litigation, fines, penalties, and other sources are recorded when it is probable that a liability has been incurred and the amount can be reasonably estimated. At each reporting date, the Company evaluates whether or not a potential loss amount or a potential loss range is probable and reasonably estimable under the provisions of the authoritative guidelines that address accounting for contingencies. The Company expenses costs as incurred in relation to such legal proceedings as general and administrative expense within the consolidated statements of operations and comprehensive loss.

Segment Information

Operating segments are identified as components of an enterprise about which separate and discrete financial information is available for evaluation by the chief operating decision maker, the Company's chief executive officer, in making decisions regarding resource allocation and assessing performance. The Company views its operations and manages its business in one operating segment and does not track expenses on a program-by-program basis.

Recently Issued Accounting Pronouncements

In June 2016, the FASB issued ASU No. 2016-13, *Measurement of Credit Losses on Financial Instruments* ("ASU 2016-13"). ASU 2016-13 will change how companies account for credit losses for most financial assets and certain other instruments. For trade receivables, loans and held-to-maturity debt securities, companies will be required to recognize an allowance for credit losses rather than reducing the carrying value of the asset. In November 2019, the FASB issued ASU No. 2019-10, *Financial Instruments — Credit Losses (Topic 326), Derivatives and Hedging (Topic 815), and Leases (Topic 842): Effective Dates* to amend the effective date of ASU 2016-13, for entities eligible to be "smaller reporting companies," as defined by the SEC, to be effective for fiscal years beginning after December 15, 2022, including interim periods within those fiscal years. Early adoption is permitted. The Company has not elected to early adopt ASU No. 2016-13. The Company is currently evaluating the potential impact that the adoption of ASU 2016-13 will have on the Company's financial position and results of operations.

2. Business Combination

As described in Note 1, on November 20, 2020, F-star Ltd completed a business combination with Spring Bank. For accounting purposes, the purchase price was based on (i) the fair value of Spring Bank common stock as of the Transaction date of $21.5 million, which was determined based on the number of shares of common stock issued in connection with the Transaction, and (ii) the portion of the fair value attributable to in-the-money fully and partially vested stock options and warrants.

Under the acquisition method of accounting, the total purchase price is allocated to the acquired tangible and intangible assets and assumed liabilities based on their fair values as of the acquisition date. Any excess purchase price over the fair value of assets acquired and liabilities assumed is allocated to goodwill. Acquired in-process research and development assets will be classified as indefinite-lived intangible assets and will be amortized over their estimated useful economic lives when put into use. The fair values of acquired in-process research and development assets were calculated using an income approach based on the expected future cash flows associated with the respective asset using an estimated discount rate of 14%. In addition, on the date of the Transaction, there were 73,337 outstanding equity classified warrants with a fair value of $0.2 million and 408,444 outstanding liability classified warrants with a fair value of $0.2 million.

Goodwill is allocated to one reporting unit. The goodwill was primarily attributable to the access F-star gained to a public listing on the Nasdaq Capital Market. The Company determined that the underlying goodwill and intangible assets are not deductible for tax purposes.

For the year ended December 31, 2020, the Company incurred acquisition-related expenses of approximately $4.2 million, which are included in general and administrative expenses. The purchase price is allocated to the fair value of assets and liabilities acquired as follows (in thousands, except shares of common stock and fair value per share):

Number of shares of common stock	4,449,559
Multiplied by fair value per share of common stock	$ 4.84
Purchase price	$ 21,536
Cash and cash equivalents	$ 9,779
Marketable securities	5,000
Prepaid expenses and other assets	935
Operating lease right of use asset	2,784
Intangible assets	4,720
Goodwill	10,451
Accounts payable, accrued expenses and other liabilities	(5,453)
CVRs	(2,520)
Liability and equity based warrants	(422)
Deferred tax liability	(576)
Operating lease liability	(3,162)
Fair value of net assets acquired	$ 21,536

A liability was recognized for the CVRs assumed by the Transaction. The fair value estimate for the CVRs was estimated at $2.5 million and is based on the probability-weighted achieved over the estimated period. Any change in the fair value of the CVRs to the acquisition date, including changes from events after the acquisition date, such as changes in the Company's estimate will be recognized in earnings in the period the estimated fair value changes. The Company's estimated range of possible outcomes was up to $26.0 million. A change in fair value of the CVRs could have a material effect on the statement of operations and financial position in the period of the change in estimate.

3. Net Loss Per Share

The following table summarizes the computation of basic and diluted net loss per share of the Company for such periods (in thousands, except share and per share data):

	For the Three Months Ended March 31,	
	2021	**2020**
Net loss	$ (9,869)	$ (7,159)
Weighted average number shares outstanding, basic and diluted	9,100,273	1,826,070
Net loss income per common, basic and diluted	$ (1.08)	$ (3.92)

Diluted net loss per share of common stock is the same as basic net loss per share of common stock for all periods presented.

The following potentially dilutive securities outstanding, prior to the use of the treasury stock method or if-converted method, have been excluded from the computation of diluted weighted-average shares outstanding, because such securities had an antidilutive impact due to the losses reported:

	For the Three Months Ended March 31,	
	2021	**2020**
Convertible debt	—	179,404
Common stock warrants	93,330	—
Stock options, and RSUs	1,241,435	257,599

3. Property, plant and equipment, net

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

	March 31, 2021	December 31 2020
Leasehold improvements	$ 160	$ 15
Laboratory equipment	1,865	1,788
Furniture and office equipment	165	169
	2,190	1,972
Less: Accumulated depreciation	1,127	1,183
	$ 1,063	$ 789

Depreciation expense for the three months ended March 31, 2021 and 2020 was $0.1 million and $0.2 million, respectively.

4. Fair Value Measurements

The following tables present information about the Company's financial assets and liabilities measured at fair value on a recurring basis and indicate the level of the fair value hierarchy utilized to determine such fair values (in thousands):

	Fair Value Measurements as of March 31, 2021 Using:			
	Level 1	Level 2	Level 3	Total
Liabilities:				
Contingent value rights	$ —	$ —	$ 2,520	$ 2,520
Warrants	—	—	11	11
	$ —	$ —	$ 2,531	$ 2,531

	Fair Value Measurements as of December 31, 2020 Using:			
	Level 1	Level 2	Level 3	Total
Liabilities:				
Contingent value rights	$ —	$ —	$ 2,520	$ 2,520
Warrants	—	—	37	37
	$ —	$ —	$ 2,557	$ 2,557

There was no change in fair value of the contingent value rights for the three months ended March 31, 2021. The following table reflects the change in the Company's Level 3 liabilities, which consists warrants, for the period ended March 31, 2021 (in thousands):

	November 2016 Private Placement Warrants
Balance at December 31, 2020	$ 37
Warrants exercised	26
Balance at March 31, 2021	$ 11

5. Accrued Expenses and other Current Liabilities

Accrued expenses as of March 31, 2021 and December 31, 2020 consisted of the following (in thousands):

	March 31, 2021	December 31 2020
Clinical Trial Costs	$ 2,482	$ 3,394
Severance	1,692	1,953
Compensation and Benefits	1,147	1,361
Professional Fees	1,418	1,593
Other	323	1,160
	$ 7,062	$ 9,461

6. Warrants

In connection with Spring Bank's initial public offering ("IPO") in 2016, there was an issuance of warrants to the sole book-running manager to purchase 7,087 shares of common stock. The warrants were exercisable at an exercise price of $60.00 per share and expired on May 5, 2021. The Company evaluated the terms of the warrants and concluded that they should be equity-classified. At March 31, 2021 there were 7,087 warrants outstanding.

During 2016, Spring Bank entered into a definitive agreement with respect to the private placement of 411,184 shares of common stock and warrants to purchase 411,184 shares of common stock (the "November 2016 Private Placement Warrants") to a group of accredited investors. The November 2016 Private Placement Warrants are exercisable at an exercise price of $43.16 per share and expire on November 23, 2021. The Company evaluated the terms of these warrants and concluded that they are liability-classified. The Company must recognize any change in the value of the warrant liability each reporting period in the statement of operations and comprehensive loss. As of March 31, 2021, the fair value of the November 2016 Private Placement Warrants was approximately $11,000 and 388,451 warrants have been exercised to date. At March 31, 2021, there were 19,993 warrants outstanding.

During 2019, Spring Bank entered into a loan agreement with Pontifax Medison Finance (Israel) L.P. and Pontifax Medison Finance (Cayman) L.P., as lenders, and Pontifax Medison Finance GP, L.P., pursuant to which Spring Bank issued to the lenders warrants to purchase 62,500 shares of common stock (the "Pontifax Warrants"). The Pontifax Warrants are exercisable at $8.32 per share and expire on September 19, 2025. The Company evaluated the terms of the warrants and concluded that they should be equity-classified. At March 31, 2021, there were 62,500 warrants outstanding.

During 2019, Spring Bank issued warrants to a service provider to purchase 3,750 shares of common stock (the "September 2019 Warrants"). The September 2019 Warrants are exercisable at an exercise price of $16.84 per share and expire on September 19, 2021. The Company evaluated the terms of the warrants and concluded that they should be equity-classified. At March 31, 2021, there were 3,750 warrants outstanding.

A summary of the warrant activity for the three months ended March 31, 2021 is as follows:

	Warrants
Outstanding at December 31, 2020	144,384
Exercises	(51,054)
Outstanding at March 31, 2021	93,330

7. Stock Option Plans

Incentive Plans

On June 14, 2019, as part of a group restructuring, the F-star Ltd board of directors and shareholders approved the 2019 Plan. The initial maximum number of ordinary shares that could be issued under the 2019 Plan was 2,327,736. This number consisted of 1,922,241 new ordinary shares and 405,495 new ordinary shares as replacements for grants under the previous F-star group entities' legacy share option schemes (the F-star Alpha Limited Share Option Scheme, the F-star Beta Share Option Scheme and the GmbH F-star EMI Share Option Scheme). In addition, the GmbH Employee Share Option Plan was transferred to F-star Ltd from GmbH. This plan grants the beneficiaries participation rights only, beneficiaries would receive a proportion of the exit proceeds realized by shareholders, but the plan does not grant the right to purchase shares. The transfer of the participation rights occurred at the same exchange ratio as used for the exchange of GmbH shares for shares issued by F-star Ltd.

Awards granted under the 2019 Plan generally vest over a four-year service period with 28% of the award vesting on the first anniversary of the commencement date and the balance vesting monthly over the remaining three years. Awards generally expire 10 years from the date of the grant. For certain senior members of management and directors, the board of directors approved an alternative vesting schedule.

As result of the Transaction, the share reserve automatically increased on January 1st of the year following the year in which a Nasdaq listing occurred, in an amount equal to 4% of the total number of shares outstanding as of December 31 of the preceding year. As a result, there were additional 364,005 shares to be issued for the 2019 plan. As of March 31, 2021, there were 67,986 shares available for issuance under the 2019 Plan.

In conjunction with the Transaction, all issued and outstanding F-star Ltd share options granted under the three F-star Ltd legacy equity incentive plans became exercisable in full immediately prior to the Closing. At the Closing, all issued share options and RSUs granted by F-star Ltd under the 2019 Plan were replaced by the Replacement Options and Replacement RSUs on the same terms (including vesting), for Company common stock, based on the Exchange Ratio. The Company determined that the exchange of F-star Ltd awards for the Company awards would be accounted for as a modification of awards under ASC 718. The Company concluded that the modification would not affect the number of awards expected to vest or the service period over which compensation expense related to awards would be recognized, since the vesting schedule applicable to each Replacement Option would be the same as the vesting schedule applicable to the original option that it replaced. In addition, the Replacement RSUs and Replacement Options are subject to substantially the same terms and conditions as the original RSUs and original options, respectively, and did not provide holders of the Replacement Options or Replacement RSUs with any additional benefits that the holders did not have under their original options or original RSUs. In addition, the fair value of an award tranche immediately after modification was less than the fair value of that award tranche immediately before modification. Therefore, total compensation cost recognized for the Replacement RSUs and Replacement Options equaled the grant-date fair value of the original awards, and the Company continues to recognize the grant date fair values of the modified awards over their respective service periods.

Amended and Restated 2015 Stock Incentive Plan

In March 2018, the Spring Bank board of directors approved Spring Bank's Amended and Restated 2015 Stock Incentive Plan (the "Amended and Restated 2015 Plan" and, together with the Spring Bank's 2014 Stock Incentive Plan (the "2014 Plan), the "Stock Incentive Plans"). Upon receipt of stockholder approval at Spring Bank's 2018 annual meeting in June 2018, Spring Bank's 2015 Stock Incentive Plan was amended and restated in its entirety, increasing the authorized number of shares of common stock reserved for issuance by 800,000 shares. Pursuant to the Amended and Restated 2015 Plan, there are 1,666,863 shares authorized for issuance. In addition, to the extent any outstanding awards under the 2014 Plan expire, terminate, or are otherwise surrendered, cancelled or forfeited after the closing of Spring Bank's IPO, those shares are added to the authorized shares under the Amended and Restated 2015 Plan. The total number of shares authorized for issuance under both the 2014 Plan and the Amended and Restated 2015 Plan is 2,300,000.

Pursuant to the Exchange Agreement, all outstanding options to purchase Company common stock were accelerated immediately prior to the Closing and each outstanding option with an exercise price less than the trading price of the Company common stock as of the close of trading on the Closing Date was exercised in full and all other outstanding options to purchase Company common stock were cancelled effective as of the Closing Date. As of March 31, 2021, the Company had 268,363 shares available for issuance under the Amended and Restated 2015 Plan.

Stock option valuation

The fair value of stock option grants is estimated using the Black-Scholes option-pricing model with the following assumptions:

	March 31, 2021	December 31 2020
Risk-free interest rate	0.36%	0.17%-0.42%
Expected volatility	87.8%	82.8%-98.3%
Expected dividend yield	0%	0%
Expected life (in years)	5.1	5.1

Expected Term—The expected term represents management's best estimate for the options to be exercised by option holders.

Volatility—Since F-star Ltd did not have a trading history for its common stock, the expected volatility was derived from the historical stock volatilities of comparable peer public companies within its industry, whose businesses were considered to be comparable to that of F-star Ltd, over a period equivalent to the expected term of the share-based awards. After the Closing of the Transaction, the volatility of the Company's Common Stock is used to determine volatility of the share-based awards at grant date.

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

Dividend Rate—The expected dividend is zero, as the Company has not paid nor does it anticipate paying any dividends on its common stock in the foreseeable future.

Fair Value of Common Stock— Prior to the Transaction, F-star Ltd estimated fair value used three different methodologies: the income approach, the market approach, and cost approach. The income approach uses the estimated present value of economic benefits. The market approach exams observable market values for similar assets or securities. The cost approach uses the concept of replacement cost as an indicator of value and the notion that an investor would pay no more for an asset that what it would cost to replace the asset with one of equal utility. After the Closing of the Transaction, the fair value of the Company's Common Stock is used to estimate the fair value of the share-based awards at grant date.

	Number of Shares	Weighted Average Exercise Price	Weighted Average Contractual Term (in years)	Aggregate Intrinsic Value (in thousands)
Outstanding as of December 31, 2020	533,559	$ 3.33	9.30	$ 8,494
Granted	444,186	7.93	—	—
Exercised	(203)	0.12	—	—
Forfeited	(14,188)	0.12	—	—
Outstanding as of March 31, 2021	963,354	$ 5.50	9.19	$ 6,863
Options exercisable at March 31, 2021	139,916	$ 8.29	7.35	$ 1,648

The weighted average grant date fair value of options granted during the three months ended March 31, 2021 and the year ended December 31, 2020, was $6.70 and $14.45 per share, respectively. The total fair value of options vested during the three months ended March 31, 2021 and the year ended December 31, 2020, was $2.8 million and $2.0 million, respectively.

Restricted Stock Units

Time-Based Restricted Stock Units

In February 2021, the Company issued 310,385 time-based RSUs to employees and directors under the Amended and Restated 2015 Plan. The weighted average grant date fair value of the time-based RSUs was $8.57 for the three months ended March 31, 2021. The vesting for the time-based RSUs occurs either immediately, after one year or after four years. For the three months ended March 31, 2021, the Company recognized approximately $0.9 million in expenses related to the time-based RSUs.

The following table is a rollforward of all RSU activity under the Stock Incentive Plans for the three months ended March 31, 2020:

	Restricted Stock Units	Weighted-Average Grant Date Fair Value
Total nonvested units at December 31, 2020	69,749	$ 11.73
Granted	310,385	8.57
Total nonvested units at March 31, 2021	380,134	$ 9.27

Share-based compensation

The Company recorded share-based compensation expense in the following expense categories for the year ended March 31, 2021 and 2020 of its consolidated statements of operations and comprehensive loss (in thousands):

	March 31, 2021	March 31, 2020
Research and development expenses	$ 414	$ 124
General and administrative expenses	1,766	410
	$ 2,180	$ 534

At March 31, 2021, there was $8.5 million of unrecognized stock-based compensation expense relating to stock options granted pursuant to the Stock Incentive Plans, which will be recognized over the weighted-average remaining vesting period of 3.5 years.

At March 31, 2021, there was $2.4 million of unrecognized stock-based compensation expense relating to the time-based RSUs granted pursuant to the Stock Incentive Plans, which will be recognized over the weighted-average remaining vesting period of 3.44 years.

8. Significant agreements

License and Collaboration agreements

For the three months ended March 31, 2021 and 2020, the Company had License and Collaboration agreements ("LCAs") with Denali and Ares. The following table summarizes the revenue recognized in the Company's consolidated statements of operations and comprehensive loss from these arrangements, (in thousands):

	Three Months Ended March 31,	
	2021	2020
Revenue by collaboration partner		
Ares	$ 2,800	$ 895
Denali	117	460
Total	**$ 2,917**	**$ 1,355**

License and collaboration agreement with Denali Therapeutics Inc.

Summary

In August 2016, Biotechnology, F-star Gamma Limited (a related party until May 30, 2018) ("F-star Gamma"), and GmbH entered into a license and collaboration agreement (the "Denali LCA") with Denali. The goal of the collaboration was the development of certain constant Fc domains of an antibody with non-native antigen binding activity ("Fcabs"), to enhance delivery of therapeutics across the blood brain barrier into the brain. The collaboration was designed to leverage F-star Gamma's modular antibody technology and Denali's expertise in the development of therapies for neurodegenerative diseases. In connection with the entry into the collaboration agreement, Denali also purchased from the F-star Gamma shareholders an option, which was referred to as the buy-out-option, to acquire all of the outstanding shares of F-star Gamma pursuant to a pre-negotiated share purchase agreement.

On May 30, 2018, Denali exercised such buy-out option and entered into a share purchase agreement (the "Purchase Agreement") with the shareholders of F-star Gamma and Shareholder Representative Services LLC, pursuant to which Denali acquired all of the outstanding shares of F-star Gamma (the "Acquisition").

As a result of the Acquisition, F-star Gamma has become a wholly owned subsidiary of Denali and Denali changed the entity's name to Denali BBB Holding Limited. In addition, Denali became a direct licensee of certain of F-star's intellectual property (by way of Denali's assumption of F-star Gamma's license agreement with Biotechnology (the "F-star Gamma License")). Denali made initial exercise payments to Biotechnology and the former shareholders of F-star Gamma under the Purchase Agreement and the F-star Gamma License, in the aggregate, of $18.0 million, less the net liabilities of F-star Gamma, which were approximately $0.2 million. $4.0 million was payable to the Company. In addition, Denali is required to make future contingent payments, to the Company and the former shareholders of F-star Gamma, with a maximum aggregate of $437.0 million upon the achievement of certain defined preclinical, clinical, regulatory, and commercial milestones. Of this total, a maximum of $91.4 million is payable to the Company. The total amount of the contingent payments varies, based on whether the Company delivers an Fcab that meets pre-defined criteria and whether the Fcab has been identified solely by the Company or solely by Denali or jointly by the Company and Denali.

Under the terms of the Denali LCA, Denali was granted the right to nominate up to three Fcab targets for approval ("Accepted Fcab Targets"), within the first three years of the date of the agreement. Upon entering into the Denali LCA, Denali had selected transferrin receptor as the first Accepted Fcab Target and paid an upfront fee of $5.5 million to F-star Gamma, which included selection of the first Accepted Fcab Target. In May 2018, Denali exercised its right to nominate two additional Fcab targets and identified a second Accepted Fcab Target. Denali made a one-time payment to the F-star group for the two additional Accepted Fcab Targets of $6.0 million and extended the time period for its selection of the third Accepted Fcab Target until August 2020.

Denali also agreed to be responsible for certain research costs incurred by F-star in conducting activities under each agreed development plan for up to 24 months.

Under the terms of the Denali LCA, F-star Gamma was prohibited from developing, commercializing and manufacturing any antibody or other molecule that incorporated any Fcab directed to an Accepted Fcab Target, or any such Fcab as a standalone product, and from authorizing any third party to take any such action.

Revenue recognition

The Company has considered the performance obligations identified in the contracts and concluded that the grant of intellectual property rights is not distinct from the provision of R&D services, as the R&D services are expected to significantly modify the early-stage intellectual property. As a result, the grant of intellectual property rights and the provision of R&D services has been combined into a single performance obligation for this contract.

The initial transaction price for first Accepted Fcab Target was deemed to be $7.1 million consisting of $5.0 million for the grant of intellectual property rights and $2.1 million for R&D services, and $5.1 million for the second Accepted Fcab Target consisting of $3.0 million for the grant of intellectual property rights and $2.1 million for R&D services. During the year ended December 31, 2019, the transaction price for the first Accepted Fcab was increased to $6.6 million due to achievement of a $1.5 million milestone that on initial recognition of the contract was not included in the transaction price, as it was not deemed probable that a reversal would not occur in a future reporting period.

All performance obligations in respect of the first Accepted Fcab Target identified in the contract were deemed to have been fully satisfied during the year ended December 31, 2019.

During the three months ended March 31, 2021 and 2020, the Company recognized $0.1 million and $0.5 million, respectively, over time in respect of the second Accepted Fcab target.

2019 License and collaboration agreement with Ares Trading S.A.

In June 2017, Delta entered into an LCA and an Option Agreement with Ares (the “Ares LCA”). The purpose of the Ares LCA was for the companies to collaborate on the development of tetravalent bispecific antibodies against five drug target pairs. The Option Agreement granted Ares a call option to acquire the entire issued share capital of Delta. Under the Ares LCA, Delta was obligated to use commercially reasonable efforts to perform research and development activities on the five selected target pairs, under mutually agreed research plans. The activities were governed by a joint steering committee formed by an equal number of representatives from both parties.

On May 14, 2019, the Ares LCA agreement with Ares was amended and restated to convert the existing purchase option over the entire share capital of Delta to an intellectual property licensing arrangement that included the exclusive grant of development and exploitation rights to one tetravalent bispecific antibody directed against immuno-oncology targets and the option to acquire the exclusive right to an additional antibody. As part of the amended Ares LCA, Delta gained exclusive rights to FS118, now F-star’s lead product candidate, which is currently in a proof-of-concept clinical trial. As discussed further below, this amended and restated Ares LCA was accounted for a separate contract, rather than a contract amendment.

For the exclusive rights granted in relation to the first molecule, an option fee of $11.1 million was paid by Ares to Delta. Following receipt of the option fee, Ares becomes responsible for the development of the molecule and development, regulatory and sales-based royalties become payable to Company upon achievement of specified events. Delta is eligible to receive $71.6 million in development milestones and $83.9 million in regulatory milestones.

For the second antibody included within the amended and restated agreement, Delta is obliged to perform research activities under plans agreed by both parties. Ares will pay for all R&D costs half-yearly in advance until the company delivers the data package specified in the research plan. Ares can then elect to pay a fee of $14.0 million to exercise their option to take an exclusive intellectual property license, which allows them to control the development and exploitation of the molecule. Following receipt of the option fee, Ares is responsible for the development of the molecule and development, regulatory and sales-based royalties become payable to Delta upon achievement of specified events. Delta is eligible to receive $48.7 million in development milestones and $61.6 million in regulatory milestones.

Development milestone payments are triggered upon achievement by each product candidate of a defined stage of clinical development and regulatory milestone payments are triggered upon approval to market a product candidate by the U.S. Food and Drug Administration or other global regulatory authorities. Sales-based milestones are payable based upon aggregate annual worldwide net sales in all indications of all licensed products. Delta is eligible to receive $168.0 million in sales-based milestones. In addition, to the extent that any product candidates covered by the exclusive licenses granted to Ares are commercialized, Delta will be entitled to receive a single digit royalty based on a percentage of net sales on a country-by-country basis.

On July 15, 2020, a deed of amendment (the “2020 Amendment”) was enacted in respect of the May 13, 2019, amendment to the Ares LCA. The 2020 Amendment had two main purposes (i) to grant additional options to acquire intellectual property rights for a further two molecules; and (ii) to allow Ares to exercise its option early to acquire intellectual property rights to the second molecule included in the agreement as well as to terminate the R&D services.

Revenue recognition

Management has considered the performance obligations identified in the contracts and concluded that the option for the grant of intellectual property rights is not distinct from the provision of R&D services in the agreements, as the R&D services are expected to significantly modify the early-stage intellectual property. As a result, the option for the grant of intellectual property rights and the provision of R&D services has been combined into a single performance obligation for all molecules under the original contract and each individual molecule included in the May 13, 2019 amendment to the Ares LCA. The Company recognizes revenue using the cost-to-cost method, which it believes best depicts the transfer of control of the services to the customer. Under the cost-to-cost method, the extent of progress towards completion is measured based on the ratio of actual costs incurred to the total estimated costs expected upon satisfying the identified performance obligation.

All performance obligations in the original Ares LCA were deemed to have been fully satisfied on termination of the original Ares LCA on May 13, 2019, and no further revenue is expected to be recognized. The total transaction price for the Ares LCA, as amended, was initially determined to be $15.4 million, consisting of the upfront payment and research and development funding for the research term. Variable consideration to be paid to the company upon reaching certain milestones had been excluded from the calculation, as at the inception of the contract, it was not probable that a significant reversal of revenue recognized would not occur in a subsequent reporting period.

There were two components identified in the 2020 Amendment, each of which was accounted for as a separate performance obligation. The grant of the additional options to acquire intellectual property rights was deemed to be distinct, as the customer can benefit from it on its own, and it is independent of the delivery of other performance obligations in the original contract. Additionally, as the amount of consideration reflects a standalone selling price, the Company determined that the second component is accounted for as a separate contract.

In the three months ended March 31, 2021, $0.9 million was recognized in relation to the first antibody included in the 2020 Amendment.

The second component that allows the customer to exercise its option to acquire intellectual property rights early is considered to be a modification of the original contract, as the option is not independent of the R&D services provided under the original contract, and therefore the goods and services are not distinct. The Company updated the transaction price and measure of progress for the performance obligation relating to this molecule.

As a result of the 2020 Amendment, the maximum amount payable by Ares on the achievement of certain development and regulatory milestones in the aggregate was increased to $479.3 million, and the maximum amount payable on the achievement of certain commercial milestones was increased to $295.7 million.

In the three months ended March 31, 2021, Ares provided notice of its intention to exercise its option granted under the 2020 Amendment to acquire the intellectual property rights for an additional molecule. $2.7 million was recognized at a point in time in respect of the option exercise.

Summary of Contract Assets and Liabilities

Up-front payments and fees are recorded as deferred revenue upon receipt or when due until such time as the Company satisfies its performance obligations under these arrangements. A contract asset is a conditional right to consideration in exchange for goods or services that the Company has transferred to a customer. Amounts are recorded as accounts receivable when the Company's right to consideration is unconditional.

The following table presents changes in the balances of the Company's contract assets and liabilities (in thousands):

Three Months Ended March 31, 2021	Balance at December 31, 2020	Recognized	Impact of exchange rates	Balance at March 31, 2021
Contract liabilities:				
Ares collaboration	$ 37	$ (37)	$ —	$ —
Denali collaboration	263	(117)	(146)	—
Total deferred revenue	$ 300	$ (154)	$ (146)	$ —

During the three months ended March 31, 2021, all revenue recognized by the Company as a result of changes in the contract liability balances in the respective periods was based on proportional performance.

9. Commitments and Contingencies

Lease Obligations

On January 27, 2021, the Company signed an operating lease for three years for its corporate headquarters in Cambridge, United Kingdom. The Company also has leases for the former Spring Bank headquarters and laboratory space in Hopkinton, Massachusetts, which are being subleased. The Company's leases have remaining lease terms of approximately 7.6 years for its former principal office and laboratory space, which includes an option to extend the lease for up to five years, and approximately 0.2 years for its former headquarters. The Company's former locations are being subleased through the remainder of the lease term.

Operating lease costs under the leases for the three months ended March 31, 2021 were approximately $0.2 million. Total operating lease costs for the three months ended March 31, 2021, were offset by an immaterial amount for sublease income.

The following table summarizes the Company's maturities of operating lease liabilities as of March 31, 2021 (in thousands):

Periods	
For the period April 1, 2021 to December 31, 2021	$ 801
2022	843
2023	854
2024	474
2025	486
Thereafter	1,444
Total lease payments	$4,902

Sublease

The Company subleases two former Spring Bank offices in Hopkinton, Massachusetts. Operating sublease income under operating lease agreements for the year ended December 31, 2020 was immaterial. Operating sublease income under operating lease agreements for the three months ended March 31, 2021 was an immaterial amount. These subleases have remaining lease terms of 0.1 years and 7.3 years. Future expected cash receipts from subleases as of March 31, 2021 is as follows (in thousand):

Period	
For the period April 1, 2021 to December 31, 2021	$ 56
2022	462
2023	474
2024	486
2025	498
Thereafter	1,481
Total sublease receipts	$3,457

Service Agreements

As of March 31, 2021 and December 31, 2020, the Company had contractual commitments of $3.6 million and $4.7 million, respectively, with a contract manufacturing organization ("CMO") for activities that are ongoing or are scheduled to start between three and nine months of the date of the statement of financial position. Under the terms of the agreement with the CMO, the Company is committed to pay for some activities if those activities are cancelled up to three, six or nine months prior to the commencement date.

11. Subsequent Events

Loan and Security Agreement

On April 1, 2021, the Company entered into the Loan and Security Agreement with Horizon Technology Finance Corporation as lender and collateral agent for itself. The Loan and Security Agreement provides for four (4) separate and independent $2.5 million term loans ("Loan A", "Loan B", "Loan C", and "Loan D") (with each of Loan A, Loan B, Loan C and Loan D, individually a "Term Loan" and, collectively, the "Term Loans"), whereby, upon the satisfaction of all the conditions to the funding of the Term Loans, each Term Loan would be delivered by Horizon to the Company in the following manner: (i) Loan A was to be delivered by Horizon to the Company prior to April 1, 2021, (ii) Loan B was required to be delivered by Horizon to the Company prior to April 1, 2021, (iii) Loan C is required to be delivered by Horizon to the Company prior to June 30, 2021, and (iv) Loan D is required to be delivered by Horizon to the Company prior to June 30, 2021. The Company may only use the proceeds of the Term Loans for working capital or general corporate purposes as contemplated by the Loan and Security Agreement. The Company drew down $5 million on April 1, 2021.

The term note matures on the 48-month anniversary following the funding date. The principal balance the Term Loan bears a floating interest. The interest rate is calculated initially and, thereafter, each calendar month as the sum of (a) the per annum rate of interest from time to time published in The Wall Street Journal as contemplated by the Loan and Security Agreement, or any successor publication thereto, as the "prime rate" then in effect, plus (b) 6.25%; provided that, in the event such rate of interest is less than 3.25%, such rate shall be deemed to be 3.25% for purposes of calculating the interest rate. Interest is payable on a monthly basis based on each Term Loan principal amount outstanding the preceding month.

The Company may, at its option upon at least five business days' written notice to Horizon, prepay all or any portion of the outstanding Term Loan by simultaneously paying to Horizon an amount equal to (i) any accrued and unpaid interest on the outstanding principal balance of the Term Loan so prepaid; plus (ii) an amount equal to (A) if such Term Loan is prepaid on or before the Loan Amortization Date (as defined in the Loan and Security Agreement) applicable to such Term Loan, three percent of the then outstanding principal balance of such Term Loan, (B) if such Term Loan is prepaid after the Loan Amortization Date applicable to such Term Loan, but on or before the date that is 12 months after such Loan Amortization Date, two percent of the then outstanding principal balance of such Term Loan, or (C) if such Term Loan is prepaid more than 12) months after the Loan Amortization Date applicable to such Term Loan, one percent of the then outstanding principal balance of such Term Loan; plus (iii) the outstanding principal balance of such Term Loan; plus (iv) all other sums, if any, that had become due and payable under the Loan and Security Agreement.

In connection with the entry into the Loan and Security Agreement, the Company has issued to Horizon warrants (each, individually, a "Warrant" and, collectively, the "Warrants") to purchase an aggregate number of shares of the Company's common stock in an amount equal to $100,000 divided by the price for each respective Warrant. If at any time the Company files a registration statement relating to an offering for its own account, or the account of others, of any of its equity securities, the Company has agreed to include such number of shares underlying the Warrants in such registration statement as requested by the holder.

The Warrants, which are exercisable for an aggregate of 42,236 shares, will be exercisable for a period of seven years at a per-share exercise price of $9.47, which is equal to the 10-day average closing price prior to January 15, 2021, the date on which the term sheet relating to the Loan and Security Agreement was entered into, subject to certain adjustments as specified in the Warrant.

Sales Agreement

On March 30, 2021, the Company entered into the 2021 Sales Agreement with SVB Leerink with respect to an "at-the-market" ("ATM") offering program under which the Company could offer and sell, from time to time at its sole discretion, shares of its common stock, par value $0.0001 per share, having an aggregate offering price of up to $50.0 million (the "Placement Shares") through SVB Leerink as its sales agent.

Upon delivery of a placement notice in April 2021, and subject to the terms and conditions of the 2021 Sales Agreement, SVB Leerink began to sell the Placement Shares. Under the 2021 Sales Agreement, the Company agreed to pay SVB Leerink a commission equal to three percent of the gross sales proceeds of any Placement Shares, and also provided SVB Leerink with customary indemnification and contribution rights. As of May 6, 2021, the Company had issued and sold 979,843 shares, for gross proceeds of $9.5 million, resulting in net proceeds of $9.2 million after deducting sales commissions.

On May 6, 2021, the Company terminated the 2021 Sales Agreement.

On May 6, 2021, the Company entered into an underwriting agreement with SVB Leerink, as representative of the underwriters, relating to an underwritten public offering of approximately 9.3 million shares of the Company's common stock, par value $0.0001 per share. The underwritten public offering resulted in gross proceeds of $65.0 million. The Company incurred $3.9 million in issuance costs associated with the underwritten public offering, resulting in net proceeds to the Company of $61.1 million.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

The following information should be read in conjunction with the unaudited financial information and the notes thereto included in this Quarterly Report on Form 10-Q and the consolidated financial statements and notes thereto for the year ended December 31, 2020, and the related Management's Discussion and Analysis of Financial Condition and Results of Operations, contained in our Annual Report on Form 10-K filed with the SEC on March 30, 2021.

Our actual results and the timing of certain events may differ materially from the results discussed, projected, anticipated, or indicated in any forward-looking statements due to various important factors, risks and uncertainties, including, but not limited to, those set forth under "Forward-Looking Statements" included elsewhere in this Quarterly Report on Form 10-Q or under "Risk Factors" in Part I, Item 1A of our Annual Report on Form 10-K for the year ended December 31, 2020 filed with the SEC on March 30, 2021, as may be updated by Part II, Item 1A, Risk Factors of our subsequently filed Quarterly Reports on Form 10-Q. We caution our readers that forward-looking statements are not guarantees of future performance and that our actual results of operations, financial condition and liquidity, and the development of the industry in which we operate may differ materially from those expressed or implied by the forward-looking statements contained in this Quarterly Report on Form 10-Q.

We caution readers not to place undue reliance on any forward-looking statements made by us, which speak only as of the date they are made. We disclaim any obligation, except as specifically required by law and the rules of the SEC, to publicly update or revise any such statements to reflect any change in our expectations or in events, conditions or circumstances on which any such statements may be based, or that may affect the likelihood that actual results will differ from those set forth in the forward-looking statements.

Overview

F-star Therapeutics, Inc. (collectively with its subsidiaries, "F-star" or the "Company") is a clinical-stage biopharmaceutical company dedicated to developing next generation immunotherapies to transform the lives of patients with cancer. F-star's goal is to offer patients better and more durable benefits than currently available immuno-oncology treatments by developing medicines that seek to block tumor immune evasion. Through our proprietary tetravalent, bispecific natural antibody (mAb^{2}™) format, our mission is to generate highly differentiated medicines with monoclonal antibody-like manufacturability, good safety and tolerability. With four distinct binding sites in a natural human antibody format, we believe that our proprietary technology will overcome many of the challenges facing current immuno-oncology therapies, due to the strong pharmacology enabled by tetravalent bispecific binding.

F-star's most advanced product candidate, FS118, is currently being evaluated in a proof-of-concept Phase 2 trial in PD-1/PD-L1 acquired resistance head and neck cancer patients. FS118 is a tetravalent mAb^{2} bispecific antibody targeting two receptors, PD-L1 and LAG-3, both of which are established pivotal targets in immuno-oncology. Phase 1 data from 43 heavily pre-treated patients with advanced cancer, who have failed PD-1/PD-L1 therapy, showed that administration of FS118 was well-tolerated with no dose limiting toxicities up to 20 mg/kg. In addition, a disease control rate ("DCR"), defined as either a complete response, partial response or stable disease, of 49% was observed in 39 evaluable patients receiving dose levels of FS118 of 1mg/kg or greater. In acquired resistance patients, DCR was 59% (16 out of 27 patients) and long-term (greater than six months) disease control was observed in six of these patients. We expect to provide an update from the proof-of-concept Phase 2 trial in PD-1/PD-L1 acquired resistance head and neck cancer patients in H1 2022.

F-star's second product candidate, FS120, aims to improve checkpoint inhibitor and chemotherapy outcomes and is a mAb2 bispecific antibody that is designed to bind to and stimulate OX40 and CD137, two proteins found on the surface of T cells that both function to enhance T cell activity. F-star is developing FS120 alone and in combination with PD-1/PD-L1 therapy for the treatment of tumors where PD-1/PD-L1 products are approved, and which have co-expression of OX40 and CD137 in the tumor microenvironment. F-star initiated a Phase 1 clinical trial in patients with advanced cancers in the fourth quarter of 2020 and plan to provide an update on the accelerated dose titration phase of this study in mid-2021.

F-star's third product candidate, FS222, aims to improve outcomes in low PD-L1 expressing tumors and is a mAb2 bispecific antibody that is designed to target both the costimulatory CD137 and the inhibitory PD-L1 receptors, which are co-expressed in a number of tumor types. F-star initiated a Phase 1 clinical trial in patients with advanced cancers for FS222 in late 2020. We believe there is a strong rationale to combine FS222 with other anti-cancer agents, including targeted therapy and chemotherapy, and this can be done within the Phase 1 study. We expect to report an update on this study in late 2021.

SB 11285, which F-star acquired pursuant to a business combination with Spring Bank Pharmaceuticals, Inc. ("Spring Bank"), is a next generation cyclic dinucleotide STimulator of INterferon Gene ("STING") agonist designed to improve checkpoint inhibition outcomes as an immunotherapeutic compound for the treatment of selected cancers. F-star is conducting an open-label, dose-escalation Phase 1 clinical trial with SB 11285 as an IV administered monotherapy, and in combination with an anti-PD-L1 antibody, in patients with advanced solid tumors. F-star expects to report an update in mid-2021.

Share Exchange Agreement

On November 20, 2020, F-star Therapeutics, Inc., formerly known as Spring Bank Pharmaceuticals, Inc., completed a business combination (the "Transaction") with F-star Therapeutics Limited ("F-star Ltd") in accordance with the terms of the Share Exchange Agreement, dated July 29, 2020 (the "Exchange Agreement"), by and among the Company, F-star Ltd and certain holders of the capital stock and convertible notes of F-star Ltd (each a "Seller", and collectively with holders of F-star Ltd securities who subsequently became parties to the Exchange Agreement, the "Sellers"). Pursuant to the Exchange Agreement, each ordinary share of F-star Ltd outstanding immediately prior to the closing of the Transaction (the "Closing") was exchanged by the Sellers that owned such F-star Ltd shares for a number of duly authorized, validly issued, fully paid and non-assessable shares of Company common stock pursuant to an exchange ratio formula as set forth in the Exchange Agreement (the "Exchange Ratio"), rounded to the nearest whole share of Company common stock (after aggregating all fractional shares of Company common stock issuable to such Seller). Also, on November 20, 2020, in connection with, and prior to completion of, the Transaction, Spring Bank effected a 1-for-4 reverse stock split of its common stock (the "Reverse Stock Split") and, following the completion of the Transaction, changed its name to F-star Therapeutics, Inc. Following the completion of the Transaction, the business of the Company became the business conducted by F-star, which is a clinical-stage immuno-oncology company focused on cancer treatment through its proprietary tetravalent bispecific antibody programs. Unless otherwise noted, all references to share amounts in this report reflect the Reverse Stock Split.

Under the terms of the Exchange Agreement, at the Closing, Spring Bank issued an aggregate of 4,620,618 shares of its common stock to F-star Ltd stockholders, based on an Exchange Ratio of 0.1125 shares of Spring Bank common stock for each F-star Ltd ordinary share, stock option and restricted stock unit ("RSU") outstanding immediately prior to the Closing. The Exchange Ratio was determined through arms-length negotiations between Spring Bank and F-star Ltd pursuant to a formula set forth in the Exchange Agreement.

Pursuant to the Exchange Agreement, immediately prior to the Closing, certain investors in F-star Ltd purchased $15.0 million of F-star Ltd ordinary shares (the "Pre-Closing Financing"). These ordinary shares of F-star Ltd were then exchanged at the Closing for shares of the Company's common stock in the Transaction at the Exchange Ratio.

Pursuant to the Exchange Agreement, all outstanding options to purchase Spring Bank common stock were accelerated immediately prior to the Closing and each outstanding option with an exercise price greater than the closing price of the stock on the Closing Date was exercised in full and all other outstanding options to purchase Company common stock were cancelled effective as of the Closing Date.

Immediately following the Reverse Stock Split and the Closing, there were approximately 4,449,559 shares of Spring Bank common stock outstanding. Following the Closing, the F-star Ltd stockholders beneficially owned approximately 53.7% of the combined company's common stock, and the existing stockholders of Spring Bank beneficially owned approximately 46.3% of the combined company's common stock. Concurrently with the execution of the Exchange Agreement, certain officers and directors of Spring Bank and F-star Ltd and certain stockholders of F-star Ltd entered into lock-up agreements, pursuant to which they agreed to certain restrictions on transfers of any shares of the Company's common stock for the 180-day period following the Closing, other than the shares of the Company's common stock received in exchange for ordinary shares of F-star Ltd subscribed for in the Pre-Closing Financing and pursuant to certain other limited exceptions.

In addition, at the Closing, Spring Bank, F-star Ltd, a representative of Spring Bank stockholders prior to the Closing, and Computershare Trust Company N.A., as the Rights Agent, entered into a STING Agonist Contingent Value Rights Agreement (the "STING Agonist CVR Agreement"). Pursuant to the Exchange Agreement and the STING Agonist CVR Agreement, each pre-Reverse Stock Split share of Spring Bank common stock held by stockholders as of the record date on November 19, 2020, immediately prior to the Closing, received a dividend of one contingent value right ("CVR") ("STING Agonist CVR"), payable on a pre-Reverse Stock Split basis, entitling such holders to receive, in connection with certain transactions involving proprietary STING agonist compound designated as SB 11285 occurring on or prior to the STING Agonist CVR Expiration Date (as defined below) that resulted in aggregate Net Proceeds (as defined in the STING Agonist CVR Agreement) at least equal to the Target Payment Amount (as defined below), an aggregate amount equal to the greater of (i) 25% of the Net Proceeds received from all CVR Transactions (as defined in the STING Agonist CVR Agreement) and (ii) an aggregate amount equal to the product of $1.00 and the total number of shares of Company common stock outstanding as of such record date (not to exceed an aggregate amount of $18.0 million) (the "Target Payment Amount").

The CVR payment obligation expires on the later of 18 months following the Closing or the one-year anniversary of the date of the final database lock of the STING clinical trial (as defined in the STING Agonist CVR Agreement) (the "STING Agonist CVR Expiration Date"). The STING Agonist CVRs are not transferable, except in certain limited circumstances, are not certificated or evidenced by any instrument, do not accrue interest and are not registered with the SEC or listed for trading on any exchange. Until the STING Agonist CVR Expiration Date, subject to certain exceptions, the Company is required to use commercially reasonable efforts to (a) complete the STING Trial and (b) pursue a CVR Transaction. The STING Agonist CVR Agreement became effective upon the Closing and, unless terminated earlier in accordance with its terms, will continue in effect until the STING Agonist CVR Expiration Date the payment or all CVR payment amounts are paid pursuant to their terms.

At the Closing, Spring Bank, F-star Ltd, a representative of Spring Bank stockholders prior to the Closing, and Computershare Trust Company N.A., as the Rights Agent, also entered into a STING Antagonist Contingent Value Rights Agreement (the "STING Antagonist CVR Agreement"). Pursuant to the Exchange Agreement and the STING Antagonist CVR Agreement, each share of common stock held by Spring Bank stockholders as of November 19, 2020, immediately prior to the Closing, received a dividend of one CVR ("STING Antagonist CVR") entitling such holders to receive, in connection with the execution of a potential development agreement (the "Approved Development Agreement") and certain other transactions involving proprietary STING antagonist compound occurring on or prior to the STING Antagonist CVR Expiration Date (as defined below) equal to: 80% of all net proceeds (as defined in the STING Antagonist CVR Agreement) received by the Company after the Closing pursuant to (i) the Approved Development Agreement, if any, and (ii) all CVR Transactions (as defined in the STING Antagonist CVR Agreement) entered into prior to the STING Antagonist CVR Expiration Date.

The CVR payment obligations expire on the seventh anniversary of the Closing (the "STING Antagonist CVR Expiration Date"). The STING Antagonist CVRs are not transferable, except in certain limited circumstances, are not certificated or evidenced by any instrument, do not accrue interest and are not registered with the SEC or listed for trading on any exchange. Until the STING Antagonist CVR Expiration Date, subject to certain exceptions, the Company is required to use commercially reasonable efforts to (a) consummate the Approved Development Agreement, (b) to perform the terms of the Approved Development Agreement and (c) pursue CVR Transactions. The STING Antagonist CVR Agreement became effective upon the Closing and, unless terminated earlier in accordance with its terms, will continue in effect until the STING Antagonist CVR Expiration Date or all CVR payment amounts are paid pursuant to their terms.

The acquisition-date fair value of the CVR liability represents the future payments that are contingent upon the achievement of sale or licensing for the product candidates. The fair value of the contingent consideration acquired of $2.5 million as of December 31, 2020 and as of March 31, 2021] is based on the Company's probability-weighted discounted cash flow assessment that considers probability and timing of future payments. The fair value measurement is based on significant Level 3 unobservable inputs such as the probability of achieving a sale or licensing agreement, anticipated timelines and discount rate. Changes in the fair value of the liability will be recognized in the consolidated statement of operations and comprehensive loss until settlement.

All issued and outstanding F-star Ltd share options granted under F-star's three legacy equity incentive plans became exercisable in full immediately prior to the Closing. At the Closing, all issued share options and restricted stock units granted by F-star Ltd under the F-star Therapeutics Limited 2019 Equity Incentive Plan (the "2019 Plan") were replaced by options and awards on the same terms (including vesting), of the combined company's common stock, based on the Exchange Ratio.

The Company's common stock, which was listed on the Nasdaq Capital Market, traded through the close of business on Friday, November 20, 2020 under the ticker symbol "SBPH" and continued trading on the Nasdaq Capital Market, on a post-Reverse Stock Split adjusted basis, under the ticker symbol "FSTX" beginning on Monday, November 23, 2020. Commencing on November 23, 2020, the Company's common stock was represented by a new CUSIP number, 30315R 107. After the Closing of the Transaction, the Company had approximately $30 million in cash. The combined company is now headquartered out of F-star Ltd existing facilities in Cambridge, United Kingdom and office in Cambridge, MA.

The Transaction was accounted for as a business combination using the acquisition method of accounting under the provisions of Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 805, *Business Combinations* ("ASC 805"). The Transaction was accounted for as a reverse acquisition with F-star Ltd being deemed the acquiring company for accounting purposes. Under ASC 805, F-star Ltd as the accounting acquirer, recorded the assets acquired and liabilities assumed of Spring Bank in the Transaction at their fair values as of the acquisition date (see Note 4 of the financial statements).

F-star Ltd was determined to be the accounting acquirer based on an analysis of the criteria outlined in ASC 805 and the facts and circumstances specific to the Transaction, including the fact that immediately following the Transaction: (1) F-star Ltd shareholders owned the majority of the voting rights of the combined company; (2) F-star Ltd designated a majority (five of eight) of the initial members of the board of directors of the combined company; and (3) F-star Ltd senior management held the key positions in senior management of the combined company. As a result, upon consummation of the Transaction, the historical financial statements of F-star Ltd became the historical financial statements of the combined organization.

Impact of COVID-19 on our Business

In March 2020, the World Health Organization declared the novel strain of coronavirus ("COVID-19") a pandemic and recommended containment and mitigation measures worldwide. The COVID-19 pandemic has been evolving, and to date has led to the implementation of various responses, including government-imposed quarantines, travel restrictions and other public health safety measures.

Management continues to closely monitor the impact of the COVID-19 pandemic on all aspects of the business, including how it will impact operations and the operations of customers, vendors, and business partners. Management took action in April 2020 to temporarily furlough some of its workforce and took advantage of the U.K. Government Coronavirus Job Retention Scheme that provided funding to businesses with furloughed staff. The grant funding available covered 80% of furloughed employees' wages plus employer National Insurance and pension contributions up to a maximum of £2,500 per month per furloughed employee. From December 2020 to April 2021, the U.K. government imposed a third national "lockdown", severely impacting on day-to-day activities. The onset of the global pandemic and consequent government-imposed restrictions resulted in a three to six-month delay in the operationalization of our clinical trials for FS118, FS120, FS222 and SB 11285. The extent to which COVID-19 impacts our future business, results of operation and financial condition will depend on future developments, which are highly uncertain and cannot be predicted with confidence at this time, such as the continued duration of the outbreak, new information that may emerge concerning the severity or other strains of COVID-19 or the effectiveness of actions to contain COVID-19 or treat its impact, among others. If the Company or any of the third parties with which we engage, however, were to experience shutdowns or other business disruptions, the ability to conduct business in the manner and on the timelines presently planned could be materially and negatively affected, which could have a material adverse impact on our business, results of operation and financial condition. The estimates of the impact on the Company's business may change based on new information that may emerge concerning COVID-19 and the actions to contain it or treat its impact and the economic impact on local, regional, national, and international markets.

Management has not identified any triggering events that would result in any significant impairment losses in the carrying values of assets as a result of the pandemic and are not aware of any specific related event or circumstance that would require management to revise estimates reflected in our consolidated financial statements.

Recent Developments

Loan and Security Agreement

On April 1, 2021, the Company entered into a Venture Loan and Security Agreement (the "Loan and Security Agreement") with Horizon Technology Finance Corporation ("Horizon") as lender and collateral agent for itself. The Loan and Security Agreement provides for four (4) separate and independent $2.5 million term loans ("Loan A", "Loan B", "Loan C", and "Loan D") (with each of Loan A, Loan B, Loan C and Loan D, individually a "Term Loan" and, collectively, the "Term Loans"), whereby upon the satisfaction of all the conditions to the funding of the Term Loans, each Term Loan would be delivered by Horizon to the Company in the following manner: (i) Loan A was to be delivered by Horizon to the Company prior to April 1, 2021, (ii) Loan B was required to be delivered by Horizon to the Company prior to April 1, 2021, (iii) Loan C is required to be delivered by Horizon to the Company prior to June 30, 2021, and (iv) Loan D is required to be delivered by Horizon to the Company prior to June 30, 2021. The Company may only use the proceeds of the Term Loans for working capital or general corporate purposes as contemplated by the Loan and Security Agreement. The Company drew down $5 million on April 1, 2021.

The term note matures on the 48-month anniversary following the funding date. The principal balance the Term Loan bears a floating interest. The interest rate is calculated initially and, thereafter, each calendar month as the sum of (a) the per annum rate of interest from time to time published in The Wall Street Journal as contemplated by the Loan and Security Agreement, or any successor publication thereto, as the "prime rate" then in effect, plus (b) 6.25%; provided that, in the event such rate of interest is less than 3.25%, such rate shall be deemed to be 3.25% for purposes of calculating the interest rate. Interest is payable on a monthly basis based on each Term Loan principal amount outstanding the preceding month.

The Company may, at its option upon at least five business days' written notice to Horizon, prepay all or any portion of the outstanding Term Loan by simultaneously paying to Horizon an amount equal to (i) any accrued and unpaid interest on the outstanding principal balance of the Term Loan so prepaid; plus (ii) an amount equal to (A) if such Term Loan is prepaid on or before the Loan Amortization Date (as defined in the Loan and Security Agreement) applicable to such Term Loan, three percent of the then outstanding principal balance of such Term Loan, (B) if such Term Loan is prepaid after the Loan Amortization Date applicable to such Term Loan, but on or before the date that is12 months after such Loan Amortization Date, two percent of the then outstanding principal balance of such Term Loan, or (C) if such Term Loan is prepaid more than 12 months after the Loan Amortization Date applicable to such Term Loan, one percent of the then outstanding principal balance of such Term Loan; plus (iii) the outstanding principal balance of such Term Loan; plus (iv) all other sums, if any, that had become due and payable under the Loan and Security Agreement.

In connection with the entry into the Loan and Security Agreement, the Company issued to Horizon warrants (each, individually, a "Warrant" and, collectively, the "Warrants") to purchase an aggregate number of shares of the Company's common stock in an amount equal to $100,000 divided by the price for each respective Warrant. If at any time the Company files a registration statement relating to an offering for its own account, or the account of others, of any of its equity securities, the Company agreed to include such number of shares underlying the Warrants in that registration statement as requested by the holder.

The Warrants, which are exercisable for an aggregate of 42,236 shares, will be exercisable for a period of seven years at a per-share exercise price of $9.47, which is equal to the 10-day average closing price prior to January 15, 2021, the date on which the term sheet relating to the Loan and Security Agreement was entered into, subject to certain adjustments as specified in the Warrant.

Sales Agreement and Underwriting Agreement

On March 30, 2021, the Company entered into a Sales Agreement (the "2021 Sales Agreement") with SVB Leerink LLC ("SVB Leerink") with respect to an "at-the-market" offering, as defined in Rule 415 of the Securities Act of 1933, as amended, under which the Company could offer and sell, from time to time in its sole discretion, shares of its common stock, par value $0.0001 per share, having an aggregate offering price of up to $50.0 million (the "Placement Shares") through SVB Leerink as its sales agent.

Upon delivery of a placement notice in April 2021, and subject to the terms and conditions of the 2021 Sales Agreement, SVB Leerink began to sell the Placement Shares. The Company agreed to pay SVB Leerink a commission equal to three percent of the gross sales proceeds of any Placement Shares sold through SVB Leerink under the 2021 Sales Agreement, and also provided SVB Leerink with customary indemnification and contribution rights. As of May 6, 2021, the Company had issued and sold 979,843 shares, for gross proceeds of $9.5 million, resulting in net proceeds of $9.2 million after deducting sales commissions. On May 6, 2021, the Company terminated the 2021 Sales Agreement.

On May 6, 2021, the Company entered into an underwriting agreement with SVB Leerink, as representative of the underwriters, relating to an underwritten public offering of approximately 9.3 million shares of the Company's common stock, par value $0.0001 per share. The underwritten public offering resulted in gross proceeds of $65.0 million. The Company incurred $3.9 million in issuance costs associated with the underwritten public offering, resulting in net proceeds to the Company of $61.1 million.

Financial Operations Overview

License revenue

To date, we have not generated any revenue from product sales, and we do not expect to generate any revenue from product sales for the foreseeable future. Our revenue consists of collaboration revenue under our license and collaboration agreements with Ares Trading S.A. ("Ares") and Denali Therapeutics, Inc. ("Denali"), including amounts that are recognized related to upfront payments, milestone payments, option exercise payments, and amounts due to us for research and development services. In the future, revenue may include new collaboration agreements, additional milestone payments, option exercise payments, and royalties on any net product sales under our collaborations. We expect that any revenue we generate will fluctuate from period to period as a result of the timing and amount of license, research and development services, and milestone and other payments.

Operating Expenses

Research and development costs

Research and development costs are expensed as incurred. Research and development expenses are comprised of costs incurred in performing research and development activities, including salaries, share-based compensation and benefits, facilities costs and laboratory supplies, depreciation, amortization and impairment expense, manufacturing expenses and external costs of outside vendors engaged to conduct preclinical development activities and clinical trials as well as the cost of licensing technology. Typically, upfront payments and

milestone payments made for the licensing of technology are expensed as research and development in the period in which they are incurred, except for payments relating for intellectual property rights with future alternative use which will be expensed when the intellectual property is in use. Non-refundable advance payments for goods or services to be received in the future for use in research and development activities are recorded as prepaid expenses. The prepaid amounts are expensed as the related goods are delivered or the services are performed.

Those expenses associated with R&D and clinical costs primarily include:

- expenses incurred under agreements with contract research organizations ("CROs") as well as investigative sites and consultants that conduct our clinical trials, preclinical studies and other scientific development services;
- manufacturing scale-up expenses and the cost of acquiring and manufacturing preclinical and clinical trial materials;
- expenses incurred for outsourced professional scientific development services;
- costs for laboratory materials and supplies used to support our research activities;
- allocated facilities costs, depreciation, and other expenses, which include rent and utilities;
- up-front, milestone and management fees for maintaining licenses under our third-party licensing agreements; and
- compensation expense.

The Company recognizes external R&D costs based on an evaluation of the progress to completion of specific tasks using information provided to it by its internal program managers and service providers.

Research and development activities are central to the Company's business models. Product candidates in later stages of clinical development generally have higher development costs than those in earlier stages of clinical development, primarily due to the increased size and duration of later stage clinical trials. As a result, the Company expects that research and development expenses will increase over the next several years as the Company increases personnel costs, initiate and conduct additional clinical trials and prepare regulatory filings related to the various product candidates.

The successful development of our product candidates is highly uncertain. As such, at this time, we cannot reasonably estimate or know the nature, timing and estimated costs of the efforts that will be necessary to complete the remainder of the development of these product candidates. We are also unable to predict when, if ever, material net cash inflows will commence from our product candidates. This is due to the numerous risks and uncertainties associated with developing products, including the uncertainty of:

- completing research and preclinical development of our product candidates, including conducting future clinical trials of FS118, FS120, FS222 and SB 11285;
- progressing the preclinical and clinical development of FS118, FS120, FS222 and SB 11285;
- establishing an appropriate safety profile with investigational new drug-enabling studies to advance our preclinical programs into clinical development;
- identifying new product candidates to add to our development pipeline;
- successful enrolment in, and the initiation and completion of clinical trials;
- the timing, receipt and terms of any marketing approvals from applicable regulatory authorities;
- commercializing the product candidates, if and when approved, whether alone or in collaboration with others;
- establishing commercial manufacturing capabilities or making arrangements with third party manufacturers;
- the development and timely delivery of commercial-grade drug formulations that can be used in our clinical trials;
- addressing any competing technological and market developments, as well as any changes in governmental regulations;
- negotiating favorable terms in any collaboration, licensing or other arrangements into which we may enter and performing our obligations under such arrangements;
- maintaining, protecting and expanding our portfolio of intellectual property rights, including patents, trade secrets and know-how, as well as obtaining and maintaining regulatory exclusivity for our product candidates;
- continued acceptable safety profile of the drugs following approval; and
- attracting, hiring, and retaining appropriately qualified personnel.

A change in the outcome of any of these variables with respect to the development of a product candidate could mean a significant change in the costs and timing associated with the development of that product candidate. For example, the U.S. Food and Drug Administration, European Medicines Agency or another regulatory authority may require us to conduct clinical trials beyond those that we anticipate will be required for the completion of clinical development of a product candidate, or we may experience significant trial delays due to patient enrolment or other reasons, in which case we would be required to expend significant additional financial resources and time on the completion of clinical development. In addition, we may obtain unexpected results from our clinical trials and we may elect to discontinue, delay or modify clinical trials of some product candidates or focus on others. Identifying potential product candidates and conducting preclinical testing and clinical trials is a time-consuming, expensive and uncertain process that takes years to complete, and we may never generate the necessary data or results required to obtain marketing approval and achieve product sales. In addition, our product candidates, if approved, may not achieve commercial success.

General and administrative expenses

General and administrative expenses consist primarily of salaries, related benefits, travel, and share-based compensation expense for personnel in executive, finance, legal and administrative functions. General and administrative expenses also include facility-related costs, patent filing and prosecution costs, insurance and marketing costs and professional fees for legal, consulting, accounting, audit, tax services and costs associated with being a public company. Other expense also includes foreign currency transaction losses. The Company expects that general and administrative expenses will increase in the future as the Company expands its operating activities and incurs costs of being a US public company.

Other income and expenses, net

Other income and expenses, net, is primarily rent received from subletting an office in the United States and interest received on overdue trade receivable balances, bank interest received, and interest expense, which is primarily bank interest payable and similar charges, the interest liability on leased assets and convertible debt notes, and foreign exchange losses incurred. Foreign exchange gain (loss) is foreign exchange gains or losses due to the fluctuation of the GBP, U.S. dollar and/or the Euro. Change in the fair value of convertible debt is the fair value adjustment of the convertible notes as measured using level 3 inputs which was converted on November 20, 2020 with the transaction with Spring Bank.

Benefits from income tax

For the three months ended March 31, 2021 and 2020, the Company was subject to corporate taxation in the United States, United Kingdom and Austria.

Our U.K.-established entities have generated losses and some profits in the United Kingdom since inception and have therefore not paid significant U.K. corporation tax. F-star Biotechnologische Forschungs-und Entwicklungsges.m.b.H has historical losses in Austria with more recent profits, which has resulted in payment of Austrian corporation tax in the years ended December 31, 2020 and 2019. The corporation tax benefit (tax) presented in the Company's statements of comprehensive income (loss) represents the tax impact from its operating activities in the United States, United Kingdom and Austria, which have generated taxable income in certain periods. As the entities located in the United Kingdom carry out extensive research and development activities, they seek to benefit from the U.K. research and development tax credit cash rebate regime known as the Small and Medium-sized Enterprises R&D Tax Credit Program (the "SME Program"). Qualifying expenditures largely comprise employment costs for research staff, consumables expenses incurred under agreements with third parties that conduct research and development, preclinical activities, clinical activities and manufacturing on the Company's behalf and certain internal overhead costs incurred as part of research projects. No research and development activities are carried out in Austria, so the Company is not able to utilize the research and development premium available under the Austrian corporation tax regime.

The tax credit received in the United Kingdom pursuant to the SME Program permits companies to deduct an extra 130% of their qualifying costs from their yearly profit or loss, as well as the normal 100% deduction, to make a total 230% deduction. If the company is incurring losses, it is entitled to claim a tax credit worth up to 14.5% of the surrenderable loss. To qualify for relief under the SME Program, companies are required to employ fewer than 500 staff and have a turnover of under €100.0 million or a balance sheet total of less than €86.0 million.

The U.K. government has released draft legislation to introduce a cap on the amount of the payable credit that a qualifying loss-making small and medium-sized enterprise business can receive through research and development relief in any one year. The cap would be applied to restrict payable credit claims in excess of £20,000 with effect for accounting periods beginning on or after April 2021 by reference to, broadly, three times the total employee payroll tax and social security liabilities of the company. The draft legislation also contains an exemption which prevents the cap from applying. That exemption requires the company to be creating, or taking steps to create, intellectual property as well as having research and development expenditure in respect of connected parties which does not exceed 15% of the total claimed. The Company does not expect this legislation, if adopted, to have a material impact on its payable credit claims based on amounts currently claimed.

Research and development tax credits received in the United Kingdom are recorded as a reduction in research and development expenses. The U.K. research and development tax credit is payable to companies after surrendering tax losses and is not dependent on current or future taxable income. As a result, it is not reflected as part of the income tax provision. If, in the future, any U.K. research and development tax credits generated are utilized to offset a corporate income tax liability in the United Kingdom, that portion would be recorded as a benefit within the income tax provision, and any refundable portion not dependent on taxable income would continue to be recorded as a reduction to research and development expenses.

Income tax expense was relatively flat compared to the three months ended March 31, 2020.

In the event the Company generates revenues in the future, the Company may benefit from the United Kingdom "patent box" regime that allows profits attributable to revenues from patents or patented products to be taxed at an effective rate of 10%. Value Added Tax ("VAT") is broadly charged on all taxable supplies of goods and services by VAT-registered businesses. In the United Kingdom, under current rates, an amount of 20% of the value, as determined for VAT purposes, of the goods or services supplied is added to all sales invoices and is payable to the United Kingdom's tax authority, Her Majesty's Revenue and Customs ("HMRC"). Similarly, VAT paid on purchase invoices is generally reclaimable from HMRC. In Austria, under current rates, an amount of 20% of the value, as determined for VAT purposes, of the goods or services supplied is added to all sales invoices and is payable to the Austrian tax authority. Similarly, VAT paid on purchase invoices is generally reclaimable from the Austrian tax authority.

Accrued Research and Development Expenses

As part of the process of preparing our consolidated financial statements, we are required to estimate our accrued research and development expenses. This process involves reviewing open contracts and purchase orders, communicating with our personnel to identify services that have been performed on our behalf and estimating the level of service performed and the associated costs incurred for the services when we have not yet been invoiced or otherwise notified of the actual costs. The majority of our service providers invoice us in arrears for services performed, on a predetermined schedule or when contractual milestones are met; however, some require advanced payments. We make estimates of our accrued expenses as of each balance sheet date in our consolidated financial statements based on facts and circumstances known to us at that time. Examples of estimated accrued research and development expenses include fees paid to:

- CROs in connection with performing research services on our behalf and clinical trials;
- investigative sites or other providers in connection with clinical trials;
- vendors in connection with preclinical and clinical development activities; and
- vendors related to product manufacturing, development and distribution of preclinical and clinical supplies.

We base our expenses related to preclinical studies and clinical trials on our estimates of the services received and efforts expended pursuant to quotes and contracts with multiple CROs that conduct and manage clinical trials on our behalf. The financial terms of these agreements are subject to negotiation, vary from contract to contract and may result in uneven payment flows. There may be instances in which payments made to our vendors will exceed the level of services provided and result in a prepayment of the clinical expense. Payments under some of these contracts depend on factors such as the successful enrollment of patients and the completion of clinical trial milestones. In accruing service fees, we estimate the time period over which services will be performed, enrollment of patients, number of sites activated and the level of effort to be expended in each period. If the actual timing of the performance of services or the level of effort varies from our estimate, we adjust the accrual or amount of prepaid expense accordingly. Although we do not expect our estimates to be materially different from amounts actually incurred, our understanding of the status and timing of services performed relative to the actual status and timing of services performed may vary and may result in us reporting amounts that are too high or too low in any particular period. To date, we have not made any material adjustments to our prior estimates of accrued research and development expenses.

Contingent value rights

The acquisition-date fair value of the CVR liability represents the future payments that are contingent upon the achievement of sale or licensing for the STING product candidates. The fair value of the contingent value rights is based on the Company's probability-weighted discounted cash flow assessment that considers probability and timing of future payments. The fair value measurement is based on significant Level 3 unobservable inputs such as the probability of achieving a sale or licensing agreement, anticipated timelines, and discount rate. Changes in the fair value of the liability will be recognized in the consolidated statement of operations and comprehensive loss until settlement.

Share-based compensation

The Company accounts for share-based compensation in accordance with ASC 718, "Compensation – Stock Compensation" ("ASC 718"). ASC 718 requires companies to estimate the fair value of equity-based payment awards on the date of grant. The value of the portion of the award that is ultimately expected to vest is recognized as an expense over the requisite service period in the Company's consolidated statements of operations and comprehensive loss.

The Company records the expense for option awards using a graded vesting method. The Company accounts for forfeitures as they occur. For share-based awards granted to non-employee consultants, the measurement date is the date of grant. The compensation expense is then recognized over the requisite service period, which is the vesting period of the respective award.

The fair value of stock options ("options") on the grant date is estimated using the Black-Scholes option-pricing model using the single-option approach. The Black-Scholes option pricing model requires the use of highly subjective and complex assumptions, including an option's expected term and the price volatility of the underlying stock, to determine the fair value of the award.

Historically given the absence of an active market for the ordinary shares of F-star Ltd, the board of directors determined the estimated fair value of the Company's equity instruments based on input from management, which utilized the most recently available independent third-party valuation, and considering a number of objective and subjective factors, including external market conditions affecting the biotechnology industry sector. Each valuation methodology includes estimates and assumptions that require judgment. These estimates and assumptions include a number of objective and subjective factors in determining the value of F-star Ltd ordinary shares at each grant date. The expected volatility for F star Ltd was calculated based on reported volatility data for a representative group of publicly traded companies for which historical information was available. The historical volatility is calculated based on a period of time commensurate with the assumption used for the expected term. The risk-free interest rate is based on the U.S. Treasury yield curve in effect at the time of grant commensurate with the expected term assumption. F-star Ltd used the simplified method, under which the expected term is presumed to be the midpoint between the vesting date and the end of the contractual term. F-star Ltd utilized this method due to the lack of historical exercise data and the plain nature of its share-based awards.

The Company uses the remaining contractual term for the expected life of non-employee awards. The expected dividend yield is assumed to be zero as the Company has never paid dividends and has no current plans to pay any dividends.

The Company classifies share-based compensation expense in its consolidated statements of operations and comprehensive loss Income in the same manner in which the award recipient's payroll costs are classified or in which the award recipient's service payments are classified.

Results of Operations

Comparison of the Three Months Ended March 31, 2021 and 2020

The following table summarizes our results of operations for the three months ended March 31, 2021 and 2020 (in thousands):

	Three Months Ended March 31,		
	2021	2020	Change
	(in thousands)		
Statements of Comprehensive Loss			
License revenue	$ 2,917	$ 1,355	$ 1,562
Operating expenses:			
Research and development	7,267	3,400	3,867
General and administrative	6,429	3,189	3,240
Total operating expenses	**13,696**	**6,589**	**7,107**
Loss from operations	**(10,779)**	**(5,234)**	**(5,545)**
Other non-operating income (expense):			
Other income (expense)	1,018	(1,527)	2,545
Change in fair value of convertible notes	—	(386)	386
Loss before income taxes	**(9,761)**	**(7,147)**	**(2,614)**
Provision for income taxes	(108)	(12)	(96)
Net loss	**$ (9,869)**	**$(7,159)**	**$(2,710)**

Licensing and Research & Development Services Revenue

Revenue for the three months ended March 31, 2021, was $2.9 million, compared with $1.4 million for the three months ended March 31, 2020, a decrease of approximately $1.6 million.

For the three months ended March 31, 2021 and 2020, revenue has been generated from two collaboration partners (Ares and Denali).

Revenue from contracts with Ares for the three months ended March 31, 2021 increased by $1.9 million from the three months ended March 31, 2020 due to the payment of an option fee of $2.7 million to acquire intellectual property rights, which was offset by a reduction in R&D service revenues of $0.8 million. In addition, there was a decrease in overall revenue of $0.3 million relating to licensing and R&D services for the second molecule in the Company's License and Collaboration Agreement with Denali. All performance obligations relating to this molecule were satisfied in February 2021, which resulted in portion of revenue recognized during the three months ended March 31, 2021.

Research and development costs

Costs related to research and development for the three months ended March 31, 2021 increased by approximately $3.9 million to $7.3 million from $3.4 million for the three months ended March 31, 2020.

This $3.9 million increase was primarily due to a $1.0 million increase in manufacturing costs, mainly due to an FS118 manufacturing batch in the first quarter of 2021, an increase in clinical CRO and clinical assay costs of $1.1 million and $0.3 million respectively, due to the first full quarter of Phase 1 clinical trial costs for FS120 and FS222, and a decrease in other costs of $0.1 million due to the timing of other project-related activities. The remaining increase of $1.0 million is due to a $1.4 million decrease in the U.K. R&D tax incentive, which is allocated across all programs, offset by a $0.4 million increase in R&D staff costs.

General and administrative expense

General and administrative expense for the three months ended March 31, 2021, increased by approximately $3.2 million, as compared to the three months ended March 31, 2020, to $6.4 million due to an increase of $1.4 million in share-based compensation, $1.5 million in professional fees, insurance and other costs associated with being a public company and $0.3 million in other costs, primarily due to additional rent for the leased buildings acquired with Spring Bank transaction.

Other income and expenses, net

Other income and expenses, net, for the three-month period ended March 31, 2021, of $1.0 million compared with net other expenses of $1.5 million for the three month period ended March 31, 2020, was due to a gains of $2.2 million on foreign exchange transactions, a decrease of $0.3 million in interest expense relating to the convertible notes that were outstanding at March 31, 2020, and an increase of $0.1 million of rental income. In addition, there was a charge of $0.4 million for the change in fair value of convertible debt, for the for three months ended March 31, 2020.

Liquidity and Capital Resources

Sources of liquidity

From our inception through March 31, 2021, we have not generated any revenue from product sales, and we have incurred significant operating losses and negative cash flows from our operations. We do not expect to generate significant revenue from sales of any products for several years, if at all.

As of March 31, 2021, the Company had an accumulated deficit of $57.0 million, cash of $3.7 million, and accounts payable and accrued expenses of $11.1 million. The future success of the Company is dependent on its ability to successfully obtain additional working capital, obtain regulatory approval for and successfully launch and commercialize its product candidates and to ultimately attain profitable operations.

Historically, we have financed our operations primarily with proceeds from the issuance of ordinary and convertible preferred shares, proceeds from issuances in connection with a convertible note facility, proceeds received from upfront payments and development milestone payments in connection with our collaboration arrangements, and payments received for research and development services. We expect this historical financing trend to continue if and until we are able obtain regulatory approval for and successfully commercialize one or more of our drug candidates, although there can be no assurance that we will obtain regulatory approval or successfully commercialize any of our current or planned future product candidates.

On March 30, 2021, the Company entered into a 2021 Sales Agreement with SVB Leerink with respect to an at-the-market offering program under which the Company could offer and sell, from time to time in its sole discretion, shares of its common stock, par value $0.0001 per share, having an aggregate offering price of up to $50.0 million through SVB Leerink as its sales agent. As of May 6, 2021, the Company had issued and sold 979,843 shares, for gross proceeds of $9.5 million, resulting in net proceeds of $9.2 million after deducting sales commissions. On May 6, 2021, the Company terminated the 2021 Sales Agreement.

On May 6, 2021, the Company entered into an underwriting agreement with SVB Leerink, as representative of the underwriters, relating to an underwritten public offering of approximately 9.3 million shares of the Company's common stock, par value $0.0001 per share. The underwritten public offering resulted in gross proceeds of $65.0 million. The Company incurred $3.9 million in issuance costs associated with the underwritten public offering, resulting in net proceeds to the Company of $61.1 million.

On April 1, 2021, the Company, as borrower, entered into the Loan and Security Agreement with Horizon Technology Finance Corporation, as lender and collateral agent for itself. The Loan and Security Agreement provides for four (4) separate and independent $2.5 million term loans ("Loan A", "Loan B", "Loan C", and "Loan D") (with each of Loan A, Loan B, Loan C and Loan D, individually a "Term Loan" and, collectively, the "Term Loans"), whereby upon the satisfaction of all the conditions to the funding of the Term Loans, each Term Loan would be delivered by Horizon to the Company in the following manner: (i) Loan A was to be delivered by Horizon to the Company prior to April 1, 2021, (ii) Loan B was required to be delivered by Horizon to the Company prior to April 1, 2021, (iii) Loan C is required to be delivered by Horizon to the Company prior to June 30, 2021, and (iv) Loan D is required to be delivered by Horizon to the Company prior to June 30, 2021. The Company may only use the proceeds of the Term Loans for working capital or general corporate purposes as contemplated by the Loan and Security Agreement. The Company drew down $5 million on April 1, 2021.

Cash Flows

The following table summarizes our cash flows for each of the periods presented:

	Three Months Ended March 31,		
	2021	2020	Change
	(in thousands)		
Net cash used in operating activities	$(14,378)	$(1,524)	$(12,854)
Net cash used in investing activities	(252)	(62)	190
Net cash provided by financing activities	—	500	(500)
Effect of exchange rate changes on cash	(216)	(267)	51
Net increase in cash	**$(14,846)**	**$(1,353)**	**$(13,493)**

Operating activities

Net cash used of $14.4 million in operating activities for the three months ended March 31, 2021, consisted of the net loss of $9.9 million adjusted for changes in operating assets and liabilities of $6.2 million and offset by non-cash charges of $1.7 million, primarily for share-based compensation expense of $2.2 million, interest expense of $0.1 million, depreciation of $0.1 million, and the deduction of foreign exchange gains of $0.7 million.

Net cash used of $1.5 million in operating activities for the three months ended March 31, 2020 was primarily due to a net loss of $7.2 million offset by $2.6 million of non-cash items which included share-based compensation of $0.5 million, foreign exchange losses of $1.3 million, depreciation of $0.2 million, interest expense of $0.3 million and changes in fair value of convertible notes of $0.4 million. There was also an adjustment for changes in operating assets and liabilities of $3.0 million.

Investing activities

For the three months ended March 31, 2021 and 2020, net cash used in investing activities was $0.3 million and $0.1 million, respectively. Company acquired capital equipment of $0.3 million in the three months ended March 31, 2021 and $0.1 million in the three months ended March, 31, 2020.

Financing activities

For the three months ended March 31, 2021, net cash provided by financing activities was $0. For the three months ended March 31, 2020, net cash provided by financing activities was $0.5 million, which was due to the issuance of convertible notes.

Funding Requirements

The Company has incurred significant losses and has an accumulated deficit of $57.0 million as of March 31, 2021. F-star expects to incur substantial losses in the foreseeable future as it conducts and expands its research and development and clinical trial activities. As of May 17, 2021, the date of issuance of the consolidated financial statements, after proceeds from Sales Agreement and drawdown of the Term Loans, the Company's cash of approximately $76.3 million will be sufficient to fund its current operating plan and planned capital expenditures for at least the next 12 months.

The Company may continue to seek additional funding through public equity, private equity, debt financing, collaboration partnerships, or other sources. There are no assurances, however, that the Company will be successful in raising additional working capital, or if it is able to raise additional working capital, it may be unable to do so on commercially favorable terms. The Company's failure to raise capital or enter into other such arrangements if and when needed would have a negative impact on its business, results of operations and financial condition and its ability to develop its product candidates

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

- our ability to raise capital in light of the impacts of the ongoing global COVID-19 pandemic on the global financial markets;
- the scope, progress, results, and costs of drug discovery, preclinical development, laboratory testing, and clinical trials for the product candidates we may develop;
- our ability to enroll clinical trials in a timely manner and to quickly resolve any delays or clinical holds that may be imposed on our development programs, particularly in light of the global COVID-19 pandemic;
- the costs associated with our manufacturing process development and evaluation of third-party manufacturers and suppliers;
- the costs, timing and outcome of regulatory review of our product candidates;
- the costs of preparing and submitting marketing approvals for any of our product candidates that successfully complete clinical trials, and the costs of maintaining marketing authorization and related regulatory compliance for any products for which we obtain marketing approval;
- the costs of preparing, filing, and prosecuting patent applications, maintaining and enforcing our intellectual property and proprietary rights, and defending intellectual property-related claims;

- the costs of future activities, including product sales, medical affairs, marketing, manufacturing, and distribution, for any product candidates for which we receive marketing approval;
- the terms of our current and any future license agreements and collaborations; and the extent to which we acquire or in-license other product candidates, technologies and intellectual property;
- the success of our collaborations with Ares and Denali and other partners;
- our ability to establish and maintain additional collaborations on favorable terms, if at all; and
- the costs of operating as a public company.

Critical Accounting Policies and Significant Judgments and Estimates

Our consolidated financial statements are prepared in accordance with United States generally accepted accounting principles. The preparation of our consolidated financial statements and related disclosures requires our management to make estimates and assumptions that affect the reported amount of assets, liabilities, revenue, costs and expenses and related disclosures. We believe that the estimates and assumptions underlying the accounting policies described therein may have the greatest potential impact on our consolidated financial statements and, therefore, consider these to be our critical accounting policies. We evaluate our estimates and assumptions on an ongoing basis. Our actual results may differ from these current estimates based on different assumptions and under different conditions. There have been no material changes to the Company's critical accounting policies and estimates as discussed in the Company's Annual Report on Form 10-K for the year ended December 31, 2020, filed with the SEC on March 30, 2021.

Contractual Obligations and Commitments

We enter into contracts in the normal course of business with third-party service providers for clinical trials, preclinical research studies and testing, manufacturing and other services and products for operating purposes. We have not included our payment obligations under these contracts in the table as these contracts generally provide for termination upon notice, and therefore, we believe that our non-cancelable obligations under these agreements are not material and we cannot reasonably estimate the timing of if and when they will occur. We could also enter into additional research, manufacturing, supplier and other agreements in the future, which may require up-front payments and even long-term commitments of cash.

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 SEC.

Recently Issued Accounting Pronouncements

In June 2016, the FASB issued ASU No. 2016-13, *Measurement of Credit Losses on Financial Instruments* ("ASU 2016-13"). ASU 2016-13 will change how companies account for credit losses for most financial assets and certain other instruments. For trade receivables, loans and held-to-maturity debt securities, companies will be required to recognize an allowance for credit losses rather than reducing the carrying value of the asset. In November 2019, the FASB issued ASU No. 2019-10, *Financial Instruments — Credit Losses (Topic 326), Derivatives and Hedging (Topic 815), and Leases (Topic 842): Effective Dates* to amend the effective date of ASU 2016-13, for entities eligible to be "smaller reporting companies," as defined by the SEC, to be effective for fiscal years beginning after December 15, 2022, including interim periods within those fiscal years. Early adoption is permitted. The Company has not elected to early adopt ASU No. 2016-13. The Company is currently evaluating the potential impact that the adoption of ASU 2016-13 will have on the Company's financial position and results of operations.

Emerging Growth Company and Smaller Reporting Company Status

We are an emerging growth company, ("EGC") as defined in the Jumpstart Our Business Startups Act of 2012 (the "JOBS Act"). We will remain an EGC until the earlier of (1) the last day of the fiscal year following the fifth anniversary of the completion of our initial public offering (December 31, 2021), (2) the last day of the fiscal year in which we have total annual gross revenue of at least $1.07 billion, (3) the last day of the fiscal year in which we are deemed to be a "large accelerated filer" as defined in Rule 12b-2 under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), which would occur if the market value of our ordinary shares held by non-affiliates exceeded $700.0 million as of the last business day of the second fiscal quarter of such fiscal year or (4) the date on which we have issued more than $1.0 billion in non-convertible debt securities during the prior three-year period. The JOBS Act permits an EGC to take advantage of an extended transition period to comply with new or revised accounting standards applicable to public companies until those standards would otherwise apply to private companies. We have irrevocably elected to "opt out" of this provision and, as a result, we will comply with new or revised accounting standards when they are required to be adopted by public companies that are not emerging growth companies. In addition, we intend to rely on the other exemptions and reduced reporting requirements provided by the JOBS Act. Subject to certain conditions set forth in the JOBS Act, we are entitled to rely on certain exemptions as an EGC we are not required to, among other things, (i) provide an auditor's attestation report on our system of internal controls over financial reporting pursuant to Section 404(b), (ii) provide all of the compensation disclosure that may be required of non-emerging growth public companies under the Dodd-Frank Wall Street Reform and Consumer Protection Act, (iii) comply with any requirement that has or may be adopted by the Public Company

Accounting Oversight Board regarding mandatory audit firm rotation or a supplement to the auditor's report providing additional information about the audit and the financial statements (auditor discussion and analysis), and (iv) disclose certain executive compensation-related items such as the correlation between executive compensation and performance and comparisons of the chief executive officer's compensation to median employee compensation. These exemptions will apply for a period of five years following the completion of Spring Bank's initial public offering (December 31, 2021) or until we no longer meet the requirements of being an EGC, whichever is earlier.

We are also a smaller reporting company as defined under the Exchange Act. We may take advantage of certain of the scaled disclosures available to smaller reporting companies and will be able to take advantage of these scaled disclosures for so long as (i) our voting and non-voting common stock held by non-affiliates is less than $250.0 million measured on the last business day of our second fiscal quarter or (ii) our annual revenue is less than $100.0 million during the most recently completed fiscal year and our voting and non-voting common stock held by non-affiliates is less than $700.0 million measured on the last business day of our second fiscal quarter.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

We are a smaller reporting company, as defined in Rule 12b-2 under the Securities Exchange Act of 1934, as amended, for this reporting period and are not required to provide the information required under this item.

Item 4. Controls and Procedures.

Evaluation of Disclosure Controls and Procedures

As of March 31, 2021, our management, under the supervision of our Chief Executive Officer and Chief Financial Officer, performed an evaluation of the effectiveness of our disclosure controls and procedures as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act to ensure that information required to be disclosed by the Company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported within the time periods specified by the SEC rules and forms, and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure. Based on this evaluation, our Chief Executive Officer and Chief Financial Officer due the material weaknesses in our internal controls as previously disclosed in our Annual Report on Form 10-k for the year ended December 31, 20220, as described below, our disclosure controls and procedures were not effective as of March 31, 2021.

Management's Annual Report on Internal Control over Financial Reporting

We have performed an evaluation of the effectiveness of our internal control over financial reporting, based on criteria established by the Committee of Sponsoring Organizations of the Treadway Commission in its 2013 Internal Control-Integrated Framework. Based on that evaluation, our management, including our Chief Executive Officer and Chief Financial Officer, concluded that our internal control over financial reporting was not effective as of March 31, 2021, due to material weaknesses in internal control over financial reporting, associated with (i) the lack of formal policies and procedures and sufficient complement of personnel to implement effective segregation of duties and (ii) the lack of sufficient formality and evidence of controls over key reports and spreadsheets.

A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of a company's annual or interim financial statements will not be prevented or detected on a timely basis.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation. Projections of any evaluation of effectiveness to future years 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.

As an EGC under the JOBS Act, we are exempt from the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act of 2002.

Remediation Plans

As discussed above, the material weaknesses over effective controls on the financial statement close and reporting process as well as lack of an effective control environment with formal processes and procedures and not having sufficient formality and evidence of controls as of December 31, 2020, were not remediated as of March 31, 2021. We have commenced measures to remediate these material weaknesses and have hired additional finance and accounting personnel during the fourth quarter of 2020 with appropriate expertise to perform specific functions which we believe will allow for proper segregation of duties, design key controls and implement improved processes and internal controls. We will continue to assess our finance and accounting staffing needs to ensure remediation of these material weaknesses. The material weaknesses will not be considered remediated until the applicable remedial controls operate for a sufficient period of time and management has concluded, through testing, that these controls are operating effectively.

Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the three months ended March 31, 2021, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II—OTHER INFORMATION

Item 1. Legal Proceedings.

From time to time, we may become involved in legal proceedings arising in the ordinary course of our business. We are not presently a party to any material litigation.

Item 1A. Risk Factors.

In addition to the other information set forth in this report, you should carefully consider the risk factors discussed in Part I, Item 1A, "Risk Factors" in our Annual Report on Form 10-K for the fiscal year ended December 31, 2020, as filed with the SEC on March 30, 2021, which could materially affect our business, financial condition, or results of operations. There have been no material changes to the risk factors described in our Annual Report on Form 10-K filed with the SEC on March 30, 2021.

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

None.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures.

Note Applicable.

Item 5. Other Information.

None.

Item 6. Exhibits.

The exhibits filed as part of this Quarterly Report on Form 10-Q are set forth on the Exhibit Index set forth immediately prior to the signature page.

EXHIBIT INDEX

Exhibit Number	Description
4.1*	Form of Warrant issued under the Venture Loan and Security Agreement, dated April 1, 2021.
10.1*	Venture Loan and Security Agreement, dated April 1, 2021, by and among F-star Therapeutics, Inc., as borrower, F-star Therapeutics Limited, as guarantor, and Horizon Technology Finance Corporation, as lender and collateral agent.
10.2	Sales Agreement, dated March 30, 2021, by and between F-star Therapeutics, Inc. and SVB Leerink LLC (incorporated by reference to Exhibit 1.2 to the Registration Statement on Form S-3 filed by the Registrant on March 30, 2021, Reg. No. 333-254884).
31.1*	Certification of Principal Executive Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2*	Certification of Principal Financial Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1*	Certification of Principal Executive Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2*	Certification of Principal Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document

* Filed herewith.

SIGNATURES

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

F-star Therapeutics, Inc.

Date: May 17, 2021

By: */s/ Eliot R. Forster*

Eliot R. Forster, Ph.D.
President and Chief Executive Officer

THIS WARRANT HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED OR ANY STATE SECURITIES LAWS. NO SALE OR DISPOSITION MAY BE EFFECTED WITHOUT (i) EFFECTIVE REGISTRATION STATEMENTS RELATED THERETO, (ii) AN OPINION OF COUNSEL OR OTHER EVIDENCE, REASONABLY SATISFACTORY TO THE COMPANY, THAT SUCH REGISTRATIONS ARE NOT REQUIRED, (iii) RECEIPT OF NO-ACTION LETTERS FROM THE APPROPRIATE GOVERNMENTAL AUTHORITIES, OR (iv) OTHERWISE COMPLYING WITH THE PROVISIONS OF SECTION 7 OF THIS WARRANT.

F-STAR THERAPEUTICS, INC.

WARRANT TO PURCHASE 10,559 SHARES
OF COMMON STOCK

(Loan A)

THIS CERTIFIES THAT, for value received, HORIZON TECHNOLOGY FINANCE CORPORATION and its assignees are entitled to subscribe for and purchase 10,559 fully paid and nonassessable shares of stock (as adjusted pursuant to Section 4 hereof, the "Shares") of F-STAR THERAPEUTICS, INC., a Delaware corporation (the "Company"), at the price of $9.47 per share (such price and such other price as shall result, from time to time, from the adjustments specified in Section 4 hereof is herein referred to as the "Warrant Price"), subject to the provisions and upon the terms and conditions hereinafter set forth. As used herein, (a) the term "Shares" shall mean the Company's current, publicly traded class of common stock, $0.0001 par value per share (the "Common Stock"), and any stock into or for which such Common Stock may hereafter be converted or exchanged; (b) the term "Date of Grant" shall mean April 1, 2021, and (c) the term "Other Warrants" shall mean any other warrants issued by the Company in connection with the transaction with respect to which this Warrant was issued, and any warrant issued upon transfer or partial exercise of or in lieu of this Warrant. The term "Warrant" as used herein shall be deemed to include Other Warrants unless the context clearly requires otherwise.

1. Term. The purchase right represented by this Warrant is exercisable, in whole or in part, at any time and from time to time from the Date of Grant through seven (7) years after the Date of Grant (the "Term").

2. Method of Exercise; Payment; Issuance of New Warrant. Subject to Section 1 hereof, the purchase right represented by this Warrant may be exercised by the holder hereof, in whole or in part and from time to time, at the election of the holder hereof, by (a) the surrender of this Warrant (with the notice of exercise substantially in the form attached hereto as Exhibit A-1 duly completed and executed) at the principal office of the Company and by the payment to the Company, by certified or bank check, or by wire transfer to an account designated by the Company (a "Wire Transfer") of an amount equal to the then applicable Warrant Price multiplied by the number of Shares then being purchased; (b) if in connection with a registered public offering of the Company's securities, the surrender of this Warrant (with the notice of exercise form attached hereto as Exhibit A-2 duly completed and executed) at the principal office of the Company together with notice of arrangements

reasonably satisfactory to the Company for payment to the Company either by certified or bank check or by Wire Transfer from the proceeds of the sale of shares to be sold by the holder in such public offering of an amount equal to the then applicable Warrant Price per share multiplied by the number of Shares then being purchased; or (c) exercise of the "net issuance" right provided for in Section 10.2 hereof. The person or persons in whose name(s) any certificate(s) representing the Shares shall be issuable upon exercise of this Warrant shall be deemed to have become the holder(s) of record of, and shall be treated for all purposes as the record holder(s) of, the shares represented thereby (and such shares shall be deemed to have been issued) immediately prior to the close of business on the date or dates upon which this Warrant is exercised. In the event of any exercise of the rights represented by this Warrant, certificates for, or book-entry notations representing, the shares of stock so purchased shall be delivered to the holder hereof as soon as possible and in any event within thirty (30) days after such exercise and, unless this Warrant has been fully exercised or expired, a new Warrant representing the portion of the Shares, if any, with respect to which this Warrant shall not then have been exercised shall also be issued to the holder hereof as soon as possible and in any event within such thirty-day period; provided, however, at such time as the Company is subject to the reporting requirements of the Securities Exchange Act of 1934, as amended, if requested by the holder of this Warrant, the Company shall cause its transfer agent to deliver the certificate or book-entry notation representing Shares issued upon exercise of this Warrant to a broker or other person (as directed by the holder exercising this Warrant) within the time period required to settle any trade made by the holder after exercise of this Warrant.

3. Stock Fully Paid; Reservation of Shares. All Shares that may be issued upon the exercise of the rights represented by this Warrant will, upon issuance pursuant to the terms and conditions herein, be fully paid and nonassessable, and free from all preemptive rights and taxes, liens and charges with respect to the issue thereof. During the period within which the rights represented by this Warrant may be exercised, the Company will at all times have authorized, and reserved for the purpose of the issue upon exercise of the purchase rights evidenced by this Warrant, a sufficient number of shares of its Common Stock to provide for the exercise of the rights represented by this Warrant.

4. Adjustment of Warrant Price and Number of Shares. The number and kind of securities purchasable upon the exercise of this Warrant and the Warrant Price shall be subject to adjustment from time to time upon the occurrence of certain events, as follows:

(a) Reclassification or Merger. In case of any reclassification or change of securities of the class issuable upon exercise of this Warrant (other than a change in par value, or from par value to no par value, or from no par value to par value, or as a result of a subdivision or combination), or in case of any merger of the Company with or into another corporation (other than a merger with another corporation in which the Company is the acquiring and the surviving corporation and which does not result in any reclassification or change of outstanding securities issuable upon exercise of this Warrant), or in case of any sale of all or substantially all of the assets of the Company, the Company, or such successor or purchasing corporation, as the case may be, shall duly execute and deliver to the holder of this Warrant a new Warrant (in form and substance satisfactory to the holder of this Warrant), so that the holder of this Warrant shall have the right to receive upon exercise of this Warrant, at a total purchase price not to exceed that payable upon the exercise of the unexercised portion of this Warrant, and in lieu of the shares of Common Stock theretofore issuable upon exercise

of this Warrant, (i) the kind and amount of shares of stock, other securities, money and property receivable upon such reclassification, change, merger or sale by a holder of the number of shares of Common Stock then purchasable under this Warrant, or (ii) in the case of such a merger or sale in which the consideration paid consists all or in part of assets other than securities of the successor or purchasing corporation, at the option of the holder of this Warrant, the securities of the successor or purchasing corporation having a value at the time of the transaction equivalent to the value of the Common Stock purchasable upon exercise of this Warrant at the time of the transaction. Any new Warrant shall provide for adjustments that shall be as nearly equivalent as may be practicable to the adjustments provided for in this Section 4. The provisions of this Section 4(a) shall similarly apply to successive reclassifications, changes, mergers and sales.

(b) Subdivision or Combination of Shares. If the Company at any time while this Warrant remains outstanding and unexpired shall subdivide or combine its outstanding shares of Common Stock, the Warrant Price shall be proportionately decreased and the number of Shares issuable hereunder shall be proportionately increased in the case of a subdivision and the Warrant Price shall be proportionately increased and the number of Shares issuable hereunder shall be proportionately decreased in the case of a combination.

(c) Stock Dividends and Other Distributions. If the Company at any time while this Warrant is outstanding and unexpired shall (i) pay a dividend with respect to its Common Stock payable in Common Stock, then the Warrant Price shall be adjusted, from and after the date of determination of shareholders entitled to receive such dividend or distribution, to that price determined by multiplying the Warrant Price in effect immediately prior to such date of determination by a fraction (A) the numerator of which shall be the total number of shares of Common Stock outstanding immediately prior to such dividend or distribution, and (B) the denominator of which shall be the total number of shares of Common Stock outstanding immediately after such dividend or distribution; or (ii) make any other distribution with respect to Common Stock (except any distribution specifically provided for in Sections 4(a) and 4(b)), then, in each such case, provision shall be made by the Company such that the holder of this Warrant shall receive upon exercise of this Warrant a proportionate share of any such dividend or distribution as though it were the holder of the Shares as of the record date fixed for the determination of the shareholders of the Company entitled to receive such dividend or distribution.

(d) Adjustment of Number of Shares. Upon each adjustment in the Warrant Price, the number of Shares purchasable hereunder shall be adjusted, to the nearest whole share, to the product obtained by multiplying the number of Shares purchasable immediately prior to such adjustment in the Warrant Price by a fraction, the numerator of which shall be the Warrant Price immediately prior to such adjustment and the denominator of which shall be the Warrant Price immediately thereafter.

5. Notice of Adjustments. Whenever the Warrant Price or the number of Shares purchasable hereunder shall be adjusted pursuant to Section 4 hereof, the Company shall make a certificate signed by its chief financial officer setting forth, in reasonable detail, the event requiring the adjustment, the amount of the adjustment, the method by which such adjustment was calculated, and the Warrant Price and the number of Shares purchasable hereunder after giving effect to such adjustment, and shall cause copies of such certificate to be mailed (without regard to Section 13 hereof, by first class mail, postage prepaid) to the holder of this Warrant.

6. Fractional Shares. No fractional shares of Common Stock will be issued in connection with any exercise hereunder, but in lieu of such fractional shares the Company shall make a cash payment therefor based on the fair market value of the Common Stock on the date of exercise as reasonably determined in good faith by the Company's Board of Directors.

7. Compliance with Securities Act; Disposition of Warrant or Shares of Common Stock.

(a) Compliance with Securities Act. The holder of this Warrant, by acceptance hereof, agrees that this Warrant, and the Shares to be issued upon exercise hereof are being acquired for investment and that such holder will not offer, sell or otherwise dispose of this Warrant, or any Shares except under circumstances which will not result in a violation of the Securities Act of 1933, as amended (the "Act") or any applicable state securities laws. Upon exercise of this Warrant, unless the Shares being acquired are registered under the Act and any applicable state securities laws or an exemption from such registration is available, the holder hereof shall confirm in writing that the Shares so purchased are being acquired for investment and not with a view toward distribution or resale in violation of the Act and shall confirm such other matters related thereto as may be reasonably requested by the Company. This Warrant and all Shares issued upon exercise of this Warrant (unless registered under the Act and any applicable state securities laws) shall be stamped or imprinted with a legend in substantially the following form:

"THE SECURITIES EVIDENCED HEREBY HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR ANY STATE SECURITIES LAWS. NO SALE OR DISPOSITION MAY BE EFFECTED WITHOUT (i) EFFECTIVE REGISTRATION STATEMENTS RELATED THERETO, (ii) AN OPINION OF COUNSEL OR OTHER EVIDENCE, REASONABLY SATISFACTORY TO THE COMPANY, THAT SUCH REGISTRATIONS ARE NOT REQUIRED, (iii) RECEIPT OF NO-ACTION LETTERS FROM THE APPROPRIATE GOVERNMENTAL AUTHORITIES, OR (iv) OTHERWISE COMPLYING WITH THE PROVISIONS OF SECTION 7 OF THE WARRANT UNDER WHICH THESE SECURITIES WERE ISSUED, DIRECTLY OR INDIRECTLY."

Said legend shall be removed by the Company, upon the request of a holder, at such time as the restrictions on the transfer of the applicable security shall have terminated. In addition, in connection with the issuance of this Warrant, the holder specifically represents to the Company by acceptance of this Warrant as follows:

(1) The holder is aware of the Company's business affairs and financial condition, and has acquired information about the Company sufficient to reach an informed and knowledgeable decision to acquire this Warrant. The holder is acquiring this Warrant for its own account for investment purposes only and not with a view to, or for the resale in connection with, any "distribution" thereof in violation of the Act.

(2) The holder understands that this Warrant has not been registered under the Act in reliance upon a specific exemption therefrom, which exemption depends upon, among other things, the bona fide nature of the holder's investment intent as expressed herein.

(3) The holder further understands that this Warrant must be held indefinitely unless subsequently registered under the Act and qualified under any applicable state securities laws, or unless exemptions from registration and qualification are otherwise available. The holder is aware of the provisions of Rule 144, promulgated under the Act.

(4) The holder is an "accredited investor" as such term is defined in Rule 501 of Regulation D promulgated under the Act.

(b) Disposition of Warrant or Shares. With respect to any offer, sale or other disposition of this Warrant or any Shares acquired pursuant to the exercise of this Warrant prior to registration of such Warrant or Shares, the holder hereof agrees to give written notice to the Company prior thereto, describing briefly the manner thereof, together with a written opinion of such holder's counsel, or other evidence, if reasonably satisfactory to the Company, to the effect that such offer, sale or other disposition may be effected without registration or qualification (under the Act as then in effect or any federal or state securities law then in effect) of this Warrant or the Shares and indicating whether or not under the Act certificates for this Warrant or the Shares to be sold or otherwise disposed of require any restrictive legend as to applicable restrictions on transferability in order to ensure compliance with such law. Upon receiving such written notice and reasonably satisfactory opinion or other evidence, the Company, as promptly as practicable but no later than fifteen (15) days after receipt of the written notice, shall notify such holder that such holder may sell or otherwise dispose of this Warrant or such Shares, all in accordance with the terms of the notice delivered to the Company. If a determination has been made pursuant to this Section 7(b) that the opinion of counsel for the holder or other evidence is not reasonably satisfactory to the Company, the Company shall so notify the holder promptly with details thereof after such determination has been made. Notwithstanding the foregoing, this Warrant or such Shares may, as to such federal laws, be offered, sold or otherwise disposed of in accordance with Rule 144 or 144A under the Act, provided that the Company shall have been furnished with such information as the Company may reasonably request to provide a reasonable assurance that the provisions of Rule 144 or 144A have been satisfied. Each certificate representing this Warrant or the Shares thus transferred (except a transfer pursuant to Rule 144 or 144A) shall bear a legend as to the applicable restrictions on transferability in order to ensure compliance with such laws, unless in the aforesaid opinion of counsel for the holder, such legend is not required in order to ensure compliance with such laws. The Company may issue stop transfer instructions to its transfer agent in connection with such restrictions.

(c) Applicability of Restrictions. Neither any restrictions of any legend described in this Warrant nor the requirements of Section 7(b) above shall apply to any transfer of, or grant of a security interest in, this Warrant (or the Common Stock obtainable upon exercise thereof) or any part hereof (i) to a partner of the holder if the holder is a partnership or to a member of the holder if the holder is a limited liability company, (ii) to a partnership of which the holder is a partner or to a limited liability company of which the holder is a member, (iii) to any affiliate of the holder if the holder is a corporation, (iv) notwithstanding the foregoing, to any corporation, company, limited liability company, limited partnership, partnership, or other person managed or sponsored by Horizon Technology Finance Corporation ("HRZN") or in which HRZN has an interest, (v) or to a lender to the holder or any of the foregoing; provided, however, in any such transfer, if applicable, the transferee shall on the Company's request agree in writing to be bound by the terms of this Warrant as if an original holder hereof.

8. Rights as Shareholders; Information. No holder of this Warrant, as such, shall be entitled to vote or receive dividends or be deemed the holder of Shares or any other securities of the Company which may at any time be issuable upon the exercise hereof for any purpose, nor shall anything contained herein be construed to confer upon the holder of this Warrant, as such, any of the rights of a shareholder of the Company or any right to vote for the election of directors or upon any matter submitted to shareholders at any meeting thereof, or to receive notice of meetings, or to receive dividends or subscription rights or otherwise until this Warrant shall have been exercised and the Shares purchasable upon the exercise hereof shall have become deliverable, as provided herein. Notwithstanding the foregoing, the Company will transmit to the holder of this Warrant (a) such information, documents and reports as are generally distributed to the holders of any class or series of the securities of the Company concurrently with the distribution thereof to the shareholders, (b) any stock purchase (or similar) agreement to which the Company is a party entered into on or after the Date of Grant, (c) each amendment to, or amended and restated, Charter filed by the Company with the Secretary of State of any jurisdiction, and (d) on the first day of each calendar quarter, the Company's then current capitalization table, showing all issued and outstanding equity securities of the Company, together with all options or warrants to purchase such equity securities issued by the Company. Any information, document or report required to be transmitted pursuant to (a), (b) and (c) above shall be deemed to have been transmitted to the holder upon filing of such information, document or report by the Company on the Securities and Exchange Commission's EDGAR system.

9. Registration Rights. If at any time the Company shall determine to prepare and file with the Commission a registration statement (a "Registration Statement") relating to an offering for its own account or the account of others under the Act of any of its equity securities, the Company shall send to the holder a written notice of such determination and, if within thirty (30) days after receipt of such notice, or within such shorter period of time as may be specified by the Company in such written notice as may be necessary for the Company to comply with its obligations with respect to the timing of the filing of such Registration Statement, the holder shall so request in writing, the Company will cause the registration under the Act of all the Shares which the Company has been so requested to register by the holder. The Company shall include in such Registration Statement all or any part of such Shares such holder requests to be registered; provided, however, that the Company shall not be required to register any Shares pursuant to this Section 9 that are eligible for resale pursuant to Rule 144 under the Act without any requirement for the Company to maintain current public information and without any limitation on volume or manner of sale.

10. Additional Rights.

10.1 Acquisition Transactions. The Company shall provide the holder of this Warrant with at least twenty (20) days' written notice prior to closing thereof of the terms and conditions of any of the following transactions (to the extent the Company has notice thereof): (i) the sale, lease, exchange, conveyance or other disposition of all or substantially all of the Company's property or business, or (ii) its merger into or consolidation with any other corporation (other than a wholly-owned subsidiary

of the Company), or any transaction (including a merger or other reorganization) or series of related transactions, in which more than 50% of the voting power of the Company is disposed of.

10.2 Right to Convert Warrant into Stock: Net Issuance.

(a) Right to Convert. In addition to and without limiting the rights of the holder under the terms of this Warrant, the holder shall have the right to convert this Warrant or any portion thereof (the "Conversion Right") into shares of Common Stock as provided in this Section 10.2 at any time or from time to time during the term of this Warrant. Upon exercise of the Conversion Right with respect to a particular number of shares subject to this Warrant (the "Converted Warrant Shares"), the Company shall deliver to the holder (without payment by the holder of any exercise price or any cash or other consideration) that number of shares of fully paid and nonassessable Common Stock as is determined according to the following formula:

$$X = \frac{B—A}{Y}$$

Where: X = the number of Shares that shall be issued to holder

Y= the fair market value of one Share

A= the aggregate Warrant Price of the specified number of Shares immediately prior to the exercise of the Conversion Right *(i.e.*, the number of Shares *multiplied by* the Warrant Price)

B= the aggregate fair market value of the specified number of Shares (*i.e.*, the number of Shares *multiplied by* the fair market value of one Share)

No fractional shares shall be issuable upon exercise of the Conversion Right, and, if the number of shares to be issued determined in accordance with the foregoing formula is other than a whole number, the Company shall pay to the holder an amount in cash equal to the fair market value of the resulting fractional share on the Conversion Date (as hereinafter defined). For purposes of Section 10 of this Warrant, shares issued pursuant to the Conversion Right shall be treated as if they were issued upon the exercise of this Warrant.

(b) Method of Exercise. The Conversion Right may be exercised by the holder by the surrender of this Warrant at the principal office of the Company together with a written statement (which may be in the form of Exhibit A-1 or Exhibit A-2 hereto) specifying that the holder thereby intends to exercise the Conversion Right and indicating the number of shares subject to this Warrant which are being surrendered (referred to in Section 10.2(a) hereof as the Converted Warrant Shares) in exercise of the Conversion Right. Such conversion shall be effective upon receipt by the Company of this Warrant together with the aforesaid written statement, or on such later date as is specified therein (the "Conversion Date"), and, at the election of the holder hereof, may be made contingent upon the closing of the sale of the Company's Common Stock to the public in a public offering pursuant to a Registration Statement under the Act (a "Public Offering"). Certificates or book-entry notations for the shares issuable upon exercise of the Conversion Right and, if applicable, a new warrant evidencing the balance of the shares remaining subject to this Warrant, shall be issued as of the Conversion Date and shall be delivered to the holder within thirty (30) days following the Conversion Date.

(c) Determination of Fair Market Value. For purposes of this Section 10.2, "fair market value" of a share of Common Stock as of a particular date (the "Determination Date") shall mean:

(i) If the Conversion Right is exercised in connection with and contingent upon a Public Offering, and if the Company's Registration Statement relating to such Public Offering ("Registration Statement") has been declared effective by the Securities and Exchange Commission, then the initial "Price to Public" specified in the final prospectus with respect to such offering.

(ii) If the Conversion Right is not exercised in connection with and contingent upon a Public Offering, then as follows:

(A) If traded on a securities exchange, the fair market value of the Common Stock shall be deemed to be the average of the closing prices of the Common Stock on such exchange over the five trading days immediately prior to the Determination Date;

(B) If traded on the NASDAQ Stock Market or other over-the-counter system, the fair market value of the Common Stock shall be deemed to be the average of the closing prices of the Common Stock over the five trading days immediately prior to the Determination Date; and

(C) If there is no public market for the Common Stock, then fair market value shall be determined by mutual agreement of the holder of this Warrant and the Company.

If closing prices or closing bid prices are no longer reported by a securities exchange or other trading system, the closing price or closing bid price shall be that which is reported by such securities exchange or other trading system at 4:00 p.m. New York City time on the applicable trading day.

10.3 Exercise Prior to Expiration. To the extent this Warrant is not previously exercised as to all of the Shares subject hereto, and if the fair market value of one share of the Common Stock is greater than the Warrant Price then in effect, this Warrant shall be deemed automatically exercised pursuant to Section 10.2 above (even if not surrendered) immediately before its expiration. For purposes of such automatic exercise, the fair market value of one share of the Common Stock upon such expiration shall be determined pursuant to Section 10.2(c). To the extent this Warrant or any portion thereof is deemed automatically exercised pursuant to this Section 10.3, the Company agrees to promptly notify the holder hereof of the number of Shares, if any, the holder hereof is to receive by reason of such automatic exercise.

11. Representations and Warranties. The Company represents and warrants to the holder of this Warrant as follows:

(a) This Warrant has been duly authorized and executed by the Company and is a valid and binding obligation of the Company enforceable in accordance with its terms, subject to laws of general application relating to bankruptcy, insolvency and the relief of debtors and the rules of law or principles at equity governing specific performance, injunctive relief and other equitable remedies.

(b) The Shares have been duly authorized and reserved for issuance by the Company and, when issued in accordance with the terms hereof, will be validly issued, fully paid and nonassessable and free from preemptive rights.

(c) A true and correct copy of the Company's Certificate of Incorporation, as amended through the Date of Grant has been provided to Holder (the "Charter"). The rights, preferences, privileges and restrictions granted to or imposed upon the classes and series of the Company's capital stock and the holders thereof are as set forth in the Charter.

(d) The execution and delivery of this Warrant are not, and the issuance of the Shares upon exercise of this Warrant in accordance with the terms hereof will not be, inconsistent with the Company's Charter or by-laws, do not and will not contravene any law, governmental rule or regulation, judgment or order applicable to the Company, and do not and will not conflict with or contravene any provision of, or constitute a default under, any indenture, mortgage, contract or other instrument of which the Company is a party or by which it is bound or require the consent or approval of, the giving of notice to, the registration or filing with or the taking of any action in respect of or by, any Federal, state or local government authority or agency or other person, except for the filing of notices pursuant to federal and state securities laws, which filings will be effected by the time required thereby.

(e) There are no actions, suits, audits, investigations or proceedings pending or, to the knowledge of the Company, threatened against the Company in any court or before any governmental commission, board or authority which, if adversely determined, could have a material adverse effect on the ability of the Company to perform its obligations under this Warrant.

(f) The number of shares of Common Stock of the Company outstanding on the date hereof, on a fully diluted basis (assuming the conversion of all outstanding convertible securities and the exercise of all outstanding options and warrants), does not exceed 20,100,000 shares.

12. Modification and Waiver. This Warrant and any provision hereof may be changed, waived, discharged or terminated only by an instrument in writing signed by the party against which enforcement of the same is sought.

13. Notices. Any notice, request, communication or other document required or permitted to be given or delivered to the holder hereof or the Company shall be delivered, or shall be sent by certified or registered mail, postage prepaid, to each such holder at its address as shown on the books of the Company or to the Company at the address indicated therefor on the signature page of this Warrant.

14. Binding Effect on Successors. This Warrant shall be binding upon any corporation succeeding the Company by merger, consolidation or acquisition of all or substantially all of the Company's assets, and all of the obligations of the Company relating to the Shares issuable upon the exercise or conversion of this Warrant shall survive the exercise, conversion and termination of this Warrant and all of the covenants and agreements of the Company shall inure to the benefit of the successors and assigns of the holder hereof.

15. Lost Warrants or Stock Certificates. The Company covenants to the holder hereof that, upon receipt of evidence reasonably satisfactory to the Company of the loss, theft, destruction or mutilation of this Warrant or any stock certificate and, in the case of any such loss, theft or destruction, upon receipt of an indemnity reasonably satisfactory to the Company, or in the case of any such mutilation upon surrender and cancellation of such Warrant or stock certificate, the Company will make and deliver a new Warrant or stock certificate, of like tenor, in lieu of the lost, stolen, destroyed or mutilated Warrant or stock certificate.

16. Descriptive Headings. The descriptive headings of the various Sections of this Warrant are inserted for convenience only and do not constitute a part of this Warrant. The language in this Warrant shall be construed as to its fair meaning without regard to which party drafted this Warrant.

17. Governing Law. This Warrant shall be construed and enforced in accordance with, and the rights of the parties shall be governed by, the laws of the State of Delaware.

18. Survival of Representations, Warranties and Agreements. All representations and warranties of the Company and the holder hereof contained herein shall survive the Date of Grant, the exercise or conversion of this Warrant (or any part hereof) or the termination or expiration of rights hereunder. All agreements of the Company and the holder hereof contained herein shall survive indefinitely until, by their respective terms, they are no longer operative.

19. Remedies. In case any one or more of the covenants and agreements contained in this Warrant shall have been breached, the holders hereof (in the case of a breach by the Company), or the Company (in the case of a breach by a holder), may proceed to protect and enforce their or its rights either by suit in equity and/or by action at law, including, but not limited to, an action for damages as a result of any such breach and/or an action for specific performance of any such covenant or agreement contained in this Warrant.

20. No Impairment of Rights. The Company will not, by amendment of its Charter or through any other means, avoid or seek to avoid the observance or performance of any of the terms of this Warrant, but will at all times in good faith assist in the carrying out of all such terms and in the taking of all such action as may be reasonably necessary or appropriate in order to protect the rights of the holder of this Warrant against impairment.

21. Severability. The invalidity or unenforceability of any provision of this Warrant in any jurisdiction shall not affect the validity or enforceability of such provision in any other jurisdiction, or affect any other provision of this Warrant, which shall remain in full force and effect.

22. Recovery of Litigation Costs. If any legal action or other proceeding is brought for the enforcement of this Warrant, or because of an alleged dispute, breach, default, or misrepresentation in connection with any of the provisions of this Warrant, the successful or prevailing party or parties shall be entitled to recover reasonable attorneys' fees and other costs incurred in that action or proceeding, in addition to any other relief to which it or they may be entitled.

23. Entire Agreement; Modification. This Warrant constitutes the entire agreement between the parties pertaining to the subject matter contained in it and supersedes all prior and contemporaneous agreements, representations, and undertakings of the parties, whether oral or written, with respect to such subject matter.

[Remainder of page intentionally blank. Signature page follows.]

The Company has caused this Warrant to be duly executed and delivered as of the Date of Grant specified above.

F-STAR THERAPEUTICS, INC.

By: _____
Name: Eliot Forster
Title: Chief Executive Officer
Address: 245 First Street, Riverview II, 18th Floor
Cambridge, MA 02142

EXHIBIT A-1

NOTICE OF EXERCISE

To: F-STAR THERAPEUTICS, INC. (the "Company")

1. The undersigned hereby:

☐ elects to purchase_____ shares of Common Stock of the Company pursuant to the terms of the attached Warrant, and tenders herewith payment of the purchase price of such shares in full, or

☐ elects to exercise its net issuance rights pursuant to Section 10.2 of the attached Warrant with respect to_____shares of Common Stock.

2. Please issue a certificate or certificates representing _____ shares in the name of the undersigned or in such other name or names as are specified below:

_____

(Name)

_____

_____

(Address)

3. The undersigned represents that the aforesaid shares are being acquired for the account of the undersigned for investment and not with a view to, or for resale in connection with, the distribution thereof and that the undersigned has no present intention of distributing or reselling such shares, all except as in compliance with applicable securities laws.

_____

(Signature)

_____

(Date)

EXHIBIT A-2

NOTICE OF EXERCISE

To: F-STAR THERAPEUTICS, INC. (the “Company”)

1. Contingent upon and effective immediately prior to the closing (the “Closing”) of the Company’s public offering contemplated by the Registration Statement on Form S___, filed_____, 20__, the undersigned hereby:

☐ elects to purchase_____shares of Common Stock of the Company (or such lesser number of shares as may be sold on behalf of the undersigned at the Closing) pursuant to the terms of the attached Warrant, or

☐ elects to exercise its net issuance rights pursuant to Section 10.2 of the attached Warrant with respect to_____shares of Common Stock.

2. Please deliver to the custodian for the selling shareholders a stock certificate representing such_____shares.

3. The undersigned has instructed the custodian for the selling shareholders to deliver to the Company $_____or, if less, the net proceeds due the undersigned from the sale of shares in the aforesaid public offering. If such net proceeds are less than the purchase price for such shares, the undersigned agrees to deliver the difference to the Company prior to the Closing.

_____

(Signature)

_____

(Date)

Exhibit 10.1

VENTURE LOAN AND SECURITY AGREEMENT

Dated as of April 1, 2021

by and among

HORIZON TECHNOLOGY FINANCE CORPORATION,
a Delaware corporation
312 Farmington Avenue
Farmington, CT 06032

as a Lender and Collateral Agent

And

F-STAR THERAPEUTICS, INC.
a Delaware corporation
245 First St., Riverview II, 18th Floor
Cambridge, MA 02142

as Borrower

F-STAR THERAPEUTICS LIMITED
an English private company
Eddeva B920 Babraham Research Campus,
Cambridge, United Kingdom, CB22 3AT

as a Guarantor

Loan A Commitment Amount: $2,500,000

Loan B Commitment Amount: $2,500,000

Loan C Commitment Amount: $2,500,000

Loan D Commitment Amount: $2,500,000

Loan A Commitment Termination Date: April 1, 2021

Loan B Commitment Termination Date: April 1, 2021

Loan C Commitment Termination Date: June 30, 2021

Loan D Commitment Termination Date: June 30, 2021

The Lender, Collateral Agent, Borrower and Guarantors hereby agree as follows:

AGREEMENT

1. Definitions and Construction.

1.1 Definitions. As used in this Agreement, the following capitalized terms shall have the following meanings (such meanings to be equally applicable to both the singular and plural forms of the terms defined):

"Account Control Agreement" means, with respect to any deposit or securities account maintained in the United States by any Loan Party, an agreement acceptable to Lender in its reasonable discretion which perfects via control Lender's and Collateral Agent's security interest in such deposit accounts and/or securities accounts, all as amended, restated, amended and restated and/or otherwise supplemented or modified from time to time.

"Affiliate" means, with respect to any Person, any other Person that owns or controls, directly or indirectly, ten percent (10%) or more of the stock of another entity of such Person, any other Person that controls or is controlled by or is under common control with such Person and each of such Person's officers, directors, managers, joint venturers or partners. For purposes of this definition, the term "control" of a Person means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting Equity Securities, by contract or otherwise and the terms "controlled by" and "under common control with" shall have correlative meanings.

"Agreement" means this certain Venture Loan and Security Agreement by and among Loan Parties, Collateral Agent and Lender dated as of the date on the cover page hereto (as it may from time to time be amended, restated, amended and restated and/or otherwise supplemented or modified from time to time in a writing signed by Loan Parties, Collateral Agent and Lender).

"Anti-Terrorism Laws" means any laws relating to terrorism or money laundering, including Executive Order No. 13224 (effective September 24, 2001), the USA PATRIOT Act, the laws comprising or implementing the Bank Secrecy Act, and the laws administered by OFAC and any successor US or any similar regulation or sanction enacted, administered or enforced by the United Nations Security Council, any institution of the European Union or any other applicable authority or any similar laws or regulations in any jurisdiction in which any of the Loan Parties is located or doing business

"Borrower" means Borrower as set forth on the cover page of this Agreement.

"Business Day" means any day that is not a Saturday, Sunday, or other day on which banking institutions are authorized or required to close in Connecticut or Massachusetts.

"Claim" has the meaning given such term in Section 10.3 of this Agreement.

"Code" means the Uniform Commercial Code as adopted and in effect in the State of Connecticut, as amended from time to time; *provided* that if by reason of mandatory provisions of law, the creation and/or perfection or the effect of perfection or non-perfection of the security interest in any Collateral is governed by the Uniform Commercial Code as in effect in a jurisdiction other than the State of Connecticut, the term "Code" shall also mean the Uniform Commercial Code as in effect from time to time in such jurisdiction for purposes of the provisions hereof relating to such creation, perfection or effect of perfection or non-perfection.

"Collateral" means, collectively, the Collateral as defined and set forth in (i) this Agreement, (ii) the UK Security Documents and (iii) any other Loan Document.

"Collateral Agent" means Horizon, or any successor collateral agent appointed by Lender in accordance with the terms hereof.

"Commitment Amount" means the Loan A Commitment Amount, the Loan B Commitment Amount, the Loan C Commitment Amount or the Loan D Commitment Amount, as applicable.

"Commitment Fee" has the meaning given such term in Section 2.6(c) of this Agreement.

"Consolidated" means the consolidation of accounts in accordance with GAAP.

"Default" means any Event of Default or any event which with the passing of time or the giving of notice or both would become an Event of Default hereunder.

"Default Rate" means the per annum rate of interest equal to five percent (5%) over the Loan Rate, but such rate shall in no event be more than the highest rate permitted by applicable law to be charged on commercial loans in a default situation.

"Disclosure Schedule" means Exhibit A attached hereto, as the same may be updated from time to time at the election of the Borrower and delivered to the Lender.

"Environmental Laws" means all foreign, federal, state or local laws, statutes, common law duties, rules, regulations, ordinances and codes, together with all administrative orders, directed duties, requests, licenses, authorizations and permits of, and agreements with, any Governmental Authorities, in each case relating to environmental, health, safety and land use matters, including the Comprehensive Environmental Response, Compensation and Liability Act of 1980, the Clean Air Act, the Federal Water Pollution Control Act of 1972, the Solid Waste Disposal Act, the Federal Resource Conservation and Recovery Act, the Toxic Substances Control Act and the Emergency Planning and Community Right-to-Know Act.

"Equity Securities" of any Person means (a) all common stock, preferred stock, participations, shares, partnership interests, membership interests or other equity interests in and of such Person (regardless of how designated and whether or not voting or non-voting) and (b) all warrants, options and other rights to acquire any of the foregoing.

"ERISA" has the meaning given to such term in Section 7.12 of this Agreement.

"Event of Default" has the meaning given to such term in Section 8 of this Agreement.

"Excluded Accounts" means (i) deposit accounts exclusively used for payroll, payroll taxes and other employee wage and benefit payments to or for the benefit of a Loan Party's employees and identified to Collateral Agent by such Loan Party from time to time pursuant to an Officer's Certificate, provided that the aggregate balance maintained therein shall not exceed an amount equal to the aggregate amount of such payments to be paid in the then-next payroll period, (ii) collateral accounts used exclusively to maintain escrowed funds or funds held in trust for a third Person, (iii) collateral accounts used exclusively to maintain cash collateral or similar deposits subject to a Permitted Lien, and, in each case, provided that such collateral account is identified as such to Collateral Agent from time to time pursuant to an Officer's Certificate, and (iv) collateral accounts identified as an "Excluded Account" from time to time pursuant to an Officer's Certificate, provided that the aggregate balance maintained therein shall not exceed $100,000 at any time.

"Excluded Taxes" means (a) income, franchise, branch profit or similar Taxes imposed on (or measured by) net income (however denominated) imposed by the United States, or by the jurisdiction under the laws of which a Lender or Collateral Agent is organized or in which its principal office is located or in which its applicable lending office is located or as result of a present or former connection between such Person and the jurisdiction imposing such Tax (other than connections arising from such Person having executed, delivered, become a party to, performed its obligations under, received payments under, received or perfected a security interest under, or enforced any Loan Document), (b) withholding Taxes, except withholding Taxes (but not back-up withholding Taxes) to the extent imposed on Collateral Agent or a Lender solely as a result of a change in applicable law occurring after the date that Collateral Agent or Lender became a party to this Loan Agreement, or in the case of a Lender, after such Lender changes its aapplicable lending office (c) any U.S. federal withholding Tax imposed by FATCA, (d) Taxes imposed by reason of the failure of an agent or any Lender to comply with its obligations under Section 2.10, Section 8.6 and/or Section 9.10, and (e) any tax, addition to tax, interest, penalty or similar charges imposed with respect to any of the foregoing and any expenses incurred with respect thereof.

"FATCA" means Sections 1471 through 1474 of the IRC as of the date of this Loan Agreement (or any amended or successor version that is substantively comparable and not materially more onerous to comply with), any regulations (whether temporary or proposed) that are issued thereunder or official governmental interpretations thereof, any agreements entered into pursuant to Section 1471(b)(1) of the IRC and any fiscal or regulatory legislation, rules or practices adopted pursuant to any intergovernmental agreement entered into in connection with Sections 1471 through 1474 of the IRC.

"Funding Certificate" means a certificate executed by a duly authorized Responsible Officer of Borrower substantially in the form of Exhibit B or such other form as Lender may agree to accept.

"Funding Date" means any date on which a Loan is made to or on account of Borrower under this Agreement.

"GAAP" means generally accepted accounting principles as in effect from time to time, consistently applied.

"Good Faith Deposit" has the meaning given such term in Section 2.6(a) of this Agreement.

"Governmental Authority" means (a) any federal, state, county, municipal or foreign government, or political subdivision thereof, (b) any governmental or quasi-governmental agency, authority, board, bureau, commission, department, instrumentality or public body, (c) any court or administrative tribunal, or (d) with respect to any Person, any arbitration tribunal or other non-governmental authority to whose jurisdiction that Person has consented.

"Guarantor" means any Person providing a secured guaranty in favor of the Collateral Agent and Lenders.

"Hazardous Materials" means all those substances which are regulated by, or which may form the basis of liability under, any Environmental Law, including all substances identified under any Environmental Law as a pollutant, contaminant, hazardous waste, hazardous constituent, special waste, hazardous substance, hazardous material, or toxic substance, or petroleum or petroleum derived substance or waste.

"Horizon" means Horizon Technology Finance Corporation.

"Indebtedness" means, with respect to any Person, the aggregate amount of, without duplication, (a) all obligations of such Person for borrowed money, (b) all obligations of such Person evidenced by bonds, debentures, notes or other similar instruments, (c) all obligations of such Person to pay the deferred purchase price of property or services (excluding trade payables aged less than one hundred eighty (180) days), (d) all capital lease obligations of such Person, (e) all obligations or liabilities of others secured by a Lien on any asset of such Person, whether or not such obligation or liability is assumed, and (f) all obligations or liabilities of others guaranteed by such Person (in each case, other than with respect to the guarantee of operating or real property lease obligations). Notwithstanding the foregoing, the Indebtedness of any Person shall include the Indebtedness of any other entity (including a partnership in which such Person is a general partner) solely to the extent such Person is liable therefore as a result of such Persons' ownership interest in or other relationship with such entity.

"Indemnified Person" has the meaning given such term in Section 10.3 of this Agreement.

"Intellectual Property" means, with respect to any Person, all of such Person's right, title and interest in and to patents, patent rights (and applications and registrations therefor and divisions, continuations, renewals, reissues, extensions and continuations-in-part of the same), trademarks and service marks (and applications and registrations therefor and the goodwill associated therewith), whether registered or not, inventions, copyrights (including applications and registrations therefor and like protections in each work or authorship and derivative work thereof), whether published or unpublished, mask works (and applications and registrations therefor), trade names, trade styles, software and computer programs, source code, object code, trade secrets, licenses, methods, processes, know how, drawings, specifications, descriptions, and all memoranda, notes, and records with respect to any research and development, all whether now owned or subsequently acquired or developed by such Person and whether in tangible or intangible form or contained on magnetic media readable by machine together with all such magnetic media (but not including embedded computer programs and supporting information included within the definition of "goods" under the Code).

"IRC" means, the Internal Revenue Code of 1986, as amended.

"Investment" means the purchase or acquisition of any capital stock, equity interest, or any obligations or other securities of, or any equity interest in, any Person, or the extension of any advance, loan, extension of credit or capital contribution to, or any other investment in, or deposit with, any Person; provided that, for the avoidance of doubt, collaboration agreements or similar agreements and obligations in connection therewith shall not be considered an "Investment".

"Landlord Agreement" means an agreement substantially in the form provided by Lender to Borrower or such other form as Lender may agree to accept in its reasonable discretion, as amended, restated, amended and restated and/or otherwise supplemented or modified from time to time.

"Lender" means each Lender as set forth on the cover page of this Agreement.

"Lender's Expenses" means all reasonable and documented costs or expenses (including reasonable and documented attorneys' fees and expenses) incurred in connection with the preparation, negotiation, documentation, drafting, amendment, modification, administration, perfection and funding of the Loan Documents; and all of Lender's reasonable and documented attorneys' fees, costs and expenses incurred in enforcing or defending the Loan Documents (including reasonable and documented fees and expenses of appeal or review), including the exercise of any rights or remedies afforded hereunder or under applicable law, whether or not suit is brought, whether before or after bankruptcy or insolvency, including all reasonable and documented fees and costs incurred by Lender in connection with such Lender's enforcement of its rights in a bankruptcy or insolvency proceeding filed by or against any Loan Party, any Subsidiary or their respective Property.

"Lien" means any voluntary or involuntary security interest, pledge, bailment, lease, mortgage, hypothecation, conditional sales and title retention agreement, encumbrance or other lien with respect to any Property in favor of any Person.

"Loan" means each advance of credit by Lender to Borrower under this Agreement.

"Loan A" means the advance of credit by Lender to Borrower under this Agreement in the Loan A Commitment Amount.

"Loan A Commitment Amount" has the meaning set forth on the cover page of this Agreement.

"Loan A Commitment Termination Date" has the meaning set forth on the cover page of this Agreement.

"Loan A Final Payment" has the meaning given such term in Section 2.2(g) of this Agreement.

"Loan Amortization Date" means, with respect to each Loan, the Payment Date on which Borrower is required, pursuant to Section 2.2 (a) below, to commence making equal payments of principal plus accrued interest on the outstanding principal amount of such Loan.

"Loan B" means the advance of credit by Lender to Borrower under this Agreement in the Loan B Commitment Amount.

"Loan B Commitment Amount" has the meaning set forth on the cover page of this Agreement.

"Loan B Commitment Termination Date" has the meaning set forth on the cover page of this Agreement.

"Loan B Final Payment" has the meaning given such term in Section 2.2(g) of this Agreement.

"Loan C" means the advance of credit by Lender to Borrower under this Agreement in the Loan C Commitment Amount.

"Loan C Commitment Amount" has the meaning set forth on the cover page of this Agreement.

"Loan C Commitment Termination Date" has the meaning set forth on the cover page of this Agreement.

"Loan C Final Payment" has the meaning given such term in Section 2.2(g) of this Agreement.

"Loan D" means the advance of credit by Lender to Borrower under this Agreement in the Loan D Commitment Amount.

"Loan D Commitment Amount" has the meaning set forth on the cover page of this Agreement.

"Loan D Commitment Termination Date" has the meaning set forth on the cover page of this Agreement.

"Loan D Final Payment" has the meaning given such term in Section 2.2(g) of this Agreement.

"Loan Documents" means, collectively, this Agreement, the Notes, the Warrants, any Landlord Agreement, any Account Control Agreement, the UK Security Documents and all other documents, instruments and agreements entered into in connection with this Agreement, all as amended, restated, amended and restated and/or otherwise supplemented or modified from time to time.

"Loan Party" means, Borrower and each Guarantor, and "Loan Parties" means Borrower and each Guarantor collectively.

"Loan Rate" means, with respect to each Loan, subject to Section 2.2(c), the sum of (a) the per annum rate of interest from time to time published in The Wall Street Journal, or any successor publication thereto, as the "prime rate" then in effect, plus (b) 6.25%; provided that, in the event such rate of interest is less than 3.25%, such rate shall be deemed to be 3.25% for purposes of calculating the Loan Rate, provided, further, that if the "prime rate", (a) is no longer reported in the Wall Street Journal, (b) is no longer widely used as a benchmark market rate for new facilities of this type, or (c) becomes permanently unavailable, Lender shall select a successor benchmark rate, which successor rate shall be applied in a manner consistent with market practice, or if there is no consistent market practice, such successor rate shall be applied in a manner reasonably determined by Lender. Notwithstanding the foregoing, in no event shall the Loan Rate be less than 9.50%. Borrower acknowledges that the "prime rate" is used for reference purposes only as an index and is not necessarily the lowest or the best interest rate charged to any borrower of Lender.

"Material Adverse Effect" means a material adverse effect on (a) the condition (financial or otherwise), business, results of operations or Properties of the Loan Parties in the aggregate, (b) the ability of any Loan Party to perform its Obligations (other than contingent indemnification obligations not then due and owing) under the Loan Documents or (c) the Collateral or Collateral Agent's or Lender's security interest in the Collateral.

"Maturity Date" means, with respect to each Loan, forty-eight (48) months from the first day of the month next following the month in which the Funding Date for such Loan occurs, or if earlier, the date of acceleration of such Loan following an Event of Default or the date of prepayment.

"Note" means each promissory note executed in connection with a Loan in substantially the form of Exhibit C attached hereto.

"Obligations" means all debt, principal, interest, fees, charges, expenses and attorneys' fees and costs and other amounts, obligations, covenants, and duties owing by any Loan Party to Collateral Agent or Lender of any kind and description pursuant to or evidenced by the Loan Documents (other than the Warrants), whether direct or indirect, absolute or contingent, due or to become due, now existing or hereafter arising, including all Lender's Expenses.

"OFAC" means the Office of Foreign Assets Control of the United States Department of the Treasury.

"Officer's Certificate" means a certificate executed by a Responsible Officer substantially in the form of Exhibit E or such other form as Lender may agree to accept.

"Payment Date" has the meaning given such term in Section 2.2(a) of this Agreement.

"Permitted Indebtedness" means and includes:

(a) Indebtedness of each Loan Party to Lender under the Loan Documents;

(b) Indebtedness arising from the endorsement of instruments in the ordinary course of business;

(c) Indebtedness existing on the date hereof and set forth on the Disclosure Schedule;

(d) intercompany Indebtedness owed by (i) a Loan Party to any other Loan Party or Subsidiary, (ii) a Subsidiary that is not a Loan Party to any other Subsidiary that is not a Loan Party and (iii) a Subsidiary that is not a Loan Party to a Loan Party, *provided* that, the aggregate amount of such Indebtedness pursuant to this clause (iii) shall not exceed Two Hundred Fifty Thousand Dollars ($250,000) in the aggregate, outstanding at any time;

(e) intercompany Indebtedness owed to a Loan Party by a Subsidiary that is either (i) being dissolved pursuant to Section 6.10, or (ii) does not otherwise constitute a Loan Party under this Agreement, *provided* that, such Indebtedness shall only be for working capital purposes of any such Subsidiary;

(f) extensions, refinancings, modifications, amendments and restatements of any items of Permitted Indebtedness; *provided* that the principal amount thereof is not increased (other than in connection with the capitalization of interest, fees or expenses) or the terms thereof are not modified to impose materially more burdensome terms upon any Loan Party or Loan Parties in the aggregate;

(g) Indebtedness of Borrower secured by Liens permitted under clause (l) of the definition of Permitted Liens, up to an aggregate principal amount of Five Hundred Thousand Dollars ($500,000) at any one time;

(h) Workers' compensation claims, payment obligations in connection with health, disability or other types of social security benefits, unemployment or other insurance obligations, reclamation and statutory obligations, bid, appeal, surety or similar bonds, in each case incurred in the ordinary course of business;

(i) Indebtedness under hedging or swap obligations or agreements or currency or interest rate obligations or agreements so long as the purposes of any such agreement is a bona fide hedging activity and not for speculative purposes;

(j) Indebtedness in respect of netting services, overdraft protections and other like services;

(k) Indebtedness in connection with the financing of insurance premiums, in the ordinary course of business, in respect of premiums payable on insurance policies;

(l) Indebtedness in connection with clause (h) of the definition of Permitted Investments; and

(m) Indebtedness not otherwise permitted pursuant to this defined term, in an aggregate amount outstanding not to exceed Twenty-Five Thousand Dollars ($25,000).

"Permitted Investments" means and includes any of the following Investments as to which Collateral Agent and Lender may have a perfected security interest:

(a) Deposits and deposit accounts with commercial banks organized under the laws of the United States or a state thereof to the extent: (i) the deposit accounts of each such institution are insured by the Federal Deposit Insurance Corporation up to the legal limit; and (ii) each such institution has an aggregate capital and surplus of not less than One Hundred Million Dollars ($100,000,000);

(b) Investments in marketable obligations issued or fully guaranteed by the United States and maturing not more than one (1) year from the date of issuance;

(c) Investments in open market commercial paper rated at least "A1" or "P1" or higher by a national credit rating agency and maturing not more than one (1) year from the creation thereof;

(d) Investments pursuant to or arising under currency agreements or interest rate agreements or swap or hedging agreements entered into in the ordinary course of business;

(e) Investments by any Loan Party and its Subsidiaries in their Subsidiaries outstanding on the date hereof;

(f) Investments by (i) a Loan Party in any other Loan Party or Subsidiary; *provided* that, the aggregate amount of any such Investments in any Subsidiary that is not a Loan Party pursuant to this clause (i) shall not exceed Two Hundred Fifty Thousand Dollars ($250,000) in the aggregate during any fiscal year of the Borrower, (ii) a Subsidiary that is not a Loan Party in any other Subsidiary that is not a Loan Party and (iii) a Subsidiary that is not a Loan Party in a Loan Party;

(g) Investments by a Loan Party in a Subsidiary that is either (i) being dissolved pursuant to Section 6.10, or (ii) does not otherwise constitute a Loan Party under this Agreement, *provided* that, such Investments shall only be for working capital purposes of any such Subsidiary;

(h) Investments existing on the date hereof and set forth on the Disclosure Schedule; and

(i) other Investments aggregating not in excess of One Hundred Thousand Dollars ($100,000) at any time.

"Permitted Liens" means and includes:

(a) the Liens created by this Agreement;

(b) Liens for fees, taxes, levies, imposts, duties or other governmental charges of any kind which are not yet delinquent or which are being contested in good faith by appropriate proceedings which suspend the collection thereof (*provided* that such appropriate proceedings do not involve any substantial danger of the sale, forfeiture or loss of any material item of Collateral which in the aggregate is material to any Loan Party or Loan Parties in the aggregate, and that such Loan Party or Subsidiary, as applicable, has adequately bonded such Lien or reserves sufficient to discharge such Lien have been provided on the books of such Loan Party or such Subsidiary, as applicable);

(c) Liens identified on the Disclosure Schedule;

(d) carriers', warehousemen's, mechanics', materialmen's, repairmen's or other similar Liens arising in the ordinary course of business and which are not delinquent or remain payable without penalty or which are being contested in good faith and by appropriate proceedings (*provided* that such appropriate proceedings do not involve any substantial danger of the sale, forfeiture or loss of any material item of Collateral or Collateral which in the aggregate is material to any Loan Party or Loan Parties in the aggregate, and that such Loan Party or Subsidiary, as applicable, has adequately bonded such Lien or reserves sufficient to discharge such Lien have been provided on the books of such Loan Party or Subsidiary, as applicable);

(e) non-exclusive licenses of Intellectual Property or negative pledge agreements entered into in the ordinary course of business or in connection with collaboration or similar agreements;

(f) leases or subleases of real property granted in the ordinary course of business of such Person, and leases, subleases, non-exclusive licenses or sublicenses of personal property granted in the ordinary course of business or in connection with collaboration or similar agreements;

(g) liens to secure payment of workers' compensation, employment insurance, old-age pensions, social security and other like obligations incurred in the ordinary course of business (other than Liens imposed by ERISA);

(h) deposits or pledges of cash to secure bids, tenders, contracts, leases, surety and appeal bonds and other obligations of a like nature;

(i) Liens arising from attachments or judgment, orders, or decrees in circumstances not constituting an Event of Default;

(j) Liens arising from precautionary financing statement filings regarding leases;

(k) Liens incurred in the extension, renewal or refinancing of the indebtedness secured by Liens described herein, but any extension, renewal or replacement Lien must be limited to the property encumbered by the existing Lien and the principal amount of the indebtedness may not increase (other than in connection with the capitalization of interest, fees or expenses);

(l) Liens upon any equipment or other personal property acquired by Borrower after the date hereof to secure (i) the purchase price of such equipment or other personal property, or (ii) capital lease obligations or indebtedness incurred solely for the purpose of financing the acquisition of such equipment or other personal property; *provided* that (A) such

Liens are confined solely to the equipment or other personal property so acquired and the amount secured does not exceed the acquisition price thereof, and (B) no such Lien shall be created, incurred, assumed or suffered to exist in favor of Borrower's officers, directors or shareholders holding five percent (5%) or more of Borrower's Equity Securities. "Person" means and includes any individual, any partnership, any corporation, any business trust, any joint stock company, any limited liability company, any unincorporated association or any other entity and any domestic or foreign national, state or local government, any political subdivision thereof, and any department, agency, authority or bureau of any of the foregoing.

"Property" means any interest in any kind of property or asset, whether real, personal or mixed, whether tangible or intangible.

"Responsible Officer" has the meaning given such term in Section 6.3 of this Agreement.

"Restricted License" means any license or other agreement with respect to which any Loan Party is the licensee and such license or agreement is material to any Loan Party's business and (a) that prohibits or otherwise restricts any Loan Party from granting a security interest in such Loan Party's interest in such license or agreement or any other property or (b) for which a default under or termination of could interfere with Collateral Agent's or Lender's right to sell any Collateral.

"Rights to Payment" has the meaning given such term in Section 4.1 of this Agreement.

"Sanctions" means any sanction administered or enforced by the United States Government (including, without limitation, OFAC and the United States Department of State), the United Nations Security Council, the European Union, Her Majesty's Treasury or other relevant sanctions authority.

"Scheduled Payments" has the meaning given such term in Section 2.2(a) of this Agreement.

"Solvent" has the meaning given such term in Section 5.12 of this Agreement.

"Subsidiary" means any corporation or other entity of which a majority of the outstanding Equity Securities entitled to vote for the election of directors or other governing body (otherwise than as the result of a default) is owned by any Loan Party directly or indirectly through Subsidiaries.

"Transfer" has the meaning given such term in Section 7.4 of this Agreement.

"UK Guarantor" means F-Star Therapeutics Limited, an English private company.

"UK Security Documents" means the English law debenture to be entered into on or around the date of this Agreement between each UK Guarantor (as chargor) and the Collateral Agent (in such capacity) and any other such document designated as a UK Security Document by a UK Guarantor and the Collateral Agent.

"Warrant" means the separate warrant or warrants dated on or about the date hereof in favor of each Lender or its designees to purchase securities of Borrower, as amended, restated, amended and restated and/or otherwise supplemented or modified from time to time.

1.2 Construction. References in this Agreement to "Articles," "Sections," "Exhibits," "Schedules" and "Annexes" are to recitals, articles, sections, exhibits, schedules and annexes herein and hereto unless otherwise indicated. References in this Agreement and each of the other Loan Documents to any document, instrument or agreement shall include (a) all exhibits, schedules, annexes and other attachments thereto, (b) all documents, instruments or agreements issued or executed in replacement thereof, and (c) such document, instrument or agreement, or replacement or predecessor thereto, as amended, restated, amended and restated and/or otherwise supplemented or modified from time to time and in effect at any given time (subject, in the case of clauses (b) and (c), to any restrictions on such replacement, amendment, modification or supplement set forth in the Loan Documents). The words "hereof," "herein" and "hereunder" and words of similar import when used in this Agreement or any other Loan Document shall refer to this Agreement or such other Loan Document, as the case may be, as a whole and not to any particular provision of this Agreement or such other Loan Document, as the case may be. The words "include" and "including" and words of similar import when used in this Agreement or any other Loan Document shall not be construed to be limiting or exclusive. Unless the context requires otherwise, any reference in this Agreement or any other Loan Document to any Person shall be construed to include such Person's successors and assigns. Unless otherwise indicated in this Agreement or any other Loan Document, all accounting terms used in this Agreement or any other Loan Document shall be construed, and all accounting and financial computations hereunder or thereunder shall be computed, in accordance with GAAP, and all terms describing Collateral shall be construed in accordance with the Code. Notwithstanding anything to the contrary contained herein, GAAP and the determination of Indebtedness will be deemed to treat operating leases and capital lease obligations in a manner consistent with the treatment under GAAP as in effect prior to the issuance by the Financial Accounting Standards Board on February 25, 2016 of Accounting Standards Update No. 2016-02. The terms and information set forth on the cover page of this Agreement are incorporated into this Agreement.

2. Loans; Repayment.

2.1 Commitments.

(a) The Commitment Amounts. Subject to the terms and conditions of this Agreement, and relying upon the representations and warranties herein set forth as and when made or deemed to be made, Lender agrees to lend to Borrower, prior to the Loan A Commitment Termination Date, Loan A, prior to the Loan B Commitment Termination Date, Loan B, prior to the Loan C Commitment Termination Date, Loan C and prior to the Loan D Commitment Termination Date, Loan D.

(b) The Loans and the Notes. The obligation of Borrower to repay the unpaid principal amount of and interest on each Loan shall be evidenced by a Note issued to the Lender.

(c) Use of Proceeds. The proceeds of each Loan shall be used solely for working capital or general corporate purposes of Borrower and its Subsidiaries.

(d) Termination of Commitment to Lend. Notwithstanding anything in the Loan Documents, Lender's obligation to lend the undisbursed portion of the Commitment Amount to Borrower hereunder shall terminate on the earlier of (i) at Lender's sole election, the occurrence of any Default or Event of Default hereunder, and (ii) with respect to Loan A, the Loan A Commitment Termination Date, with respect to Loan B, the Loan B Commitment Termination Date, with respect to Loan C, the Loan C Commitment Termination Date and with respect to Loan D, the Loan D Commitment Termination Date. Notwithstanding the foregoing, Lender's obligation to lend the undisbursed portion of the Commitment Amount to Borrower shall terminate if, in Lender's reasonable discretion (i) there has been a material adverse change in the management, results of operations, or financial condition of the Loan Parties in the aggregate, whether or not arising from transactions in the ordinary course of business, or (ii) there has been any material adverse deviation by Borrower from the business plan of Borrower presented to Lender on or before the date of this Agreement.

2.2 Payments.

(a) Scheduled Payments. Borrower shall make (i) a payment of accrued interest only to Lender on the outstanding principal amount of each Loan on the first twenty-four (24) Payment Dates specified in the Note applicable to such Loan and (ii) an equal payment of principal plus accrued interest to Lender on the outstanding principal amount of each Loan on the next twenty-four (24) Payment Dates as set forth in the Note applicable to such Loan (collectively, the "Scheduled Payments"). Borrower shall make such Scheduled Payments commencing on the date set forth in the Note applicable to such Loan and continuing thereafter on the first Business Day of each calendar month (each a "Payment Date") through the Maturity Date. In any event, all unpaid principal and accrued interest shall be due and payable in full on the Maturity Date applicable to such Loan.

(b) Interim Payment. Unless the Funding Date for a Loan is the first day of a calendar month, Borrower shall pay the per diem interest (accruing at the Loan Rate from the Funding Date through the last day of that month) payable with respect to such Loan on the first Business Day of the next calendar month.

(c) Payment of Interest. Borrower shall pay interest on each Loan at a per annum rate of interest equal to the Loan Rate. The Loan Rate shall initially be calculated using the "prime rate" reported in the Wall Street Journal on the date which is five (5) Business Days prior to the proposed date of disbursement of the Loan, but shall thereafter be calculated for each calendar month using the "prime rate" reported in the Wall Street Journal (or such substitute benchmark rate selected in accordance with the definition of "Loan Rate" set forth in Section 1.1 above) on the first calendar day of such month, provided, however, that if the first calendar day of any month is not a Business Day, the Loan Rate shall be calculated using the "prime rate" reported in the Wall Street Journal (or such substitute benchmark rate selected in accordance with the definition of "Loan Rate" set forth in Section 1.1 above) on the Business Day immediately preceding the first calendar day of such month. Interest (including interest at the Default Rate, if applicable) shall be computed on the basis of a 360-day year for the actual number of days elapsed. Notwithstanding any other provision hereof, the amount of interest payable hereunder shall not in any event exceed the maximum amount permitted by the law applicable to interest charged on commercial loans.

(d) Application of Payments. All payments received by Lender prior to an Event of Default shall be applied as follows: (i) first, to Lender's Expenses then due and owing; and (ii) second, ratably, to all Scheduled Payments then due and owing (*provided*, however, if such payments are not sufficient to pay the whole amount then due, such payments shall be applied first to unpaid interest at the Loan Rate, then to the remaining amounts then due). After an Event of Default, all payments and application of proceeds shall be made as set forth in Section 9.7.

(e) Late Payment Fee. Borrower shall pay to Lender a late payment fee equal to six percent (6%) of any Scheduled Payment not paid when due to such Lender.

(f) Default Rate. Borrower shall pay interest at a per annum rate equal to the Default Rate on any amounts required to be paid by Borrower to Collateral Agent or Lender under this Agreement or the other Loan Documents (including Scheduled Payments), payable with respect to any Loan, accrued and unpaid interest, and any fees or other amounts which remain unpaid after such amounts are due. If an Event of Default has occurred and the Obligations (other than contingent indemnification obligations not then due and owing) have been accelerated (whether automatically or by Lender's election), Borrower shall pay interest on the aggregate, outstanding accelerated balance hereunder from the date of the Event of Default until all Events of Default are cured, at a per annum rate equal to the Default Rate.

(g) Final Payment.

(i) Loan A Final Payment. Borrower shall pay to Lender a payment in the amount of One Hundred Thousand Dollars ($100,000) (the "Loan A Final Payment") upon the earlier of (A) payment in full of the principal balance of Loan A, (B) an Event of Default and demand by Lender of payment in full of Loan A or (C) the Maturity Date applicable to such Loan, as applicable.

(ii) Loan B Final Payment. Borrower shall pay to Lender a payment in the amount of One Hundred Thousand Dollars ($100,000) (the "Loan B Final Payment") upon the earlier of (A) payment in full of the principal balance of Loan B, (B) an Event of Default and demand by Lender of payment in full of Loan B or (C) the Maturity Date applicable to such Loan, as applicable.

(iii) Loan C Final Payment. Borrower shall pay to Lender a payment in the amount of One Hundred Thousand Dollars ($100,000) (the "Loan C Final Payment") upon the earlier of (A) payment in full of the principal balance of Loan C, (B) an Event of Default and demand by Lender of payment in full of Loan C or (C) the Maturity Date applicable to such Loan, as applicable.

(iv) Loan D Final Payment. Borrower shall pay to Lender a payment in the amount of One Hundred Thousand Dollars ($100,000) (the "Loan D Final Payment") upon the earlier of (A) payment in full of the principal balance of Loan D, (B) an Event of Default and demand by Lender of payment in full of Loan D or (C) the Maturity Date applicable to such Loan, as applicable.

2.3 Prepayments.

(a) Mandatory Prepayment Upon an Acceleration. If the Loans are accelerated following the occurrence of an Event of Default pursuant to Section 9.1(a) hereof, then Borrower, in addition to any other amounts which may be due and owing hereunder, shall immediately pay to Lender the amount set forth in Section 2.3(b) below, as if Borrower had opted to prepay on the date of such acceleration.

(b) Optional Prepayment. Upon five (5) Business Days' prior written notice to Lender (it being understood and agreed that any such notice may be made contingent on the consummation of a transaction or otherwise revocable in connection therewith), Borrower may, at its option, at any time, prepay all (and not less than all) of the outstanding Loans by simultaneously paying to Lender an amount equal to (i) any accrued and unpaid interest on the outstanding principal balance of the Loans; *plus* (ii) an amount equal to (A) if such Loan is prepaid on or before the Loan Amortization Date applicable to such Loan, three percent (3%) of the then outstanding principal balance of such Loan, (B) if such Loan is prepaid after the Loan Amortization Date applicable to such Loan, but on or before the date that is twelve (12) months after such Loan Amortization Date, two percent (2%) of the then outstanding principal balance of such Loan, or (C) if such Loan is prepaid more than twelve (12) months after the Loan Amortization Date applicable to such Loan, one percent (1%) of the then outstanding principal balance of such Loan; *plus* (iii) the outstanding principal balance of such Loan; *plus* (iv) all other sums, if any, that shall have become due and payable hereunder.

2.4 Other Payment Terms.

(a) Place and Manner. Borrower shall make all payments due to Lender in lawful money of the United States. All payments of principal, interest, fees and other amounts payable by Borrower hereunder shall be made, in immediately available funds, not later than 12:00 p.m. Connecticut time, on the date on which such payment is due. Borrower shall make such payments to Lender via wire transfer or ACH as instructed by Lender from time to time.

(b) Date. Whenever any payment is due hereunder on a day other than a Business Day, such payment shall be made on the next succeeding Business Day, and such extension of time shall be included in the computation of interest or fees, as the case may be.

(c) Taxes.

(i) Unless otherwise required under applicable law, any and all payments made hereunder or under the Notes shall be made free and clear of and without deduction for any taxes; *provided* that if Borrower shall be required to deduct any taxes from such payments, then (A) in the case of taxes other than Excluded Taxes, the sum payable shall be increased as necessary so that after making all required deductions (including deductions applicable to additional sums payable under this Section 2.4(c)) the Lender receives an amount equal to the sum it would have received had no such deductions been made, (B) Borrower (or the applicable withholding agent) shall make such deductions and (C) Borrower (or the applicable withholding agent) shall pay the full amount deducted to the relevant Governmental Authority in accordance with applicable law.

(ii) Borrower shall indemnify Lender, within 10 days after written demand therefor (which written demand shall set forth in reasonable detail the amount and nature of such taxes), for the full amount of any taxes imposed or asserted directly on Lender by any Governmental Authority on or attributable to amounts payable under this Agreement solely as a result of Lender entering into this Agreement to the extent such taxes are paid by Lender, and any penalties, interest and reasonable expenses arising therefrom or with respect thereto, whether or not such taxes were correctly or legally imposed or asserted by the relevant Governmental Authority; *provided*, however, that such indemnified taxes shall not include (A) Excluded Taxes, or (B) written demand that is submitted to Borrower more than one hundred and eighty (180) days after the payment giving rise to such taxes were made. A certificate setting forth in reasonable details the amount of such payment or liability and the nature thereof delivered to Borrower by Lender shall be conclusive absent manifest error.

(iii) As soon as practicable after any payment of taxes by Borrower (or an applicable agent) hereunder to a Governmental Authority, Borrower (or agent as applicable) shall deliver to Lender the original or a certified copy of a receipt issued by such Governmental Authority evidencing such payment, a copy of the return reporting such payment or other evidence of such payment reasonably satisfactory to Lender.

(iv) If Lender is entitled to an exemption from or reduction of withholding tax under the law of the jurisdiction in which Borrower is located, or any treaty to which such jurisdiction is a party, with respect to payments under this Agreement, Lender shall deliver to Borrower, as reasonably requested by Borrower, such properly completed and executed documentation prescribed by applicable law as will permit such payments to be made without withholding or at a reduced rate.

(v) Without limitation on the generality of the provision in Section 2.4(c)(iv), Borrower shall not be obligated to pay any additional amounts on account of a specific Lender or agent if such Person fails to deliver to Borrower: (i) in the case of a Lender (or, if such Lender or agent is a disregarded entity for United States federal income tax purposes, the Person treated, for United States federal income tax purposes, as the owner of the assets of such Person) that is not organized under the laws of the United States or a state thereof, a duly executed copy of United States Internal Revenue Service Form W8 BEN (or W8 BEN-E, as applicable), W-8 ECI or W-8 IMY and/or any successor form or certificate or any required renewal thereof, as the case may be, certifying in each case that such Person is entitled to receive payments hereunder or under the other Loan Documents without deduction or withholding of any United States federal income taxes (to the extent there is a legal basis to do so), (ii) in the case of an agent (or, if such agent is a disregarded entity for United States federal income tax purposes, the Person treated, for United States federal income tax purposes, as the owner of the assets of such Agent) United States Internal Revenue Service Form W-9 or any successor form or any required renewal thereof establishing a full exemption from United States backup withholding tax, (iii) a duly executed copy of United States Internal Revenue Service Form W-8 BEN (or W-8BEN-E, as applicable) or W-9 or any successor form or any required renewal thereof establishing a full exemption from United States backup withholding tax to the extent there is a legal basis for a full exemption, (iv)

in the case of a Lender (or in the case of Lender is treated as a partnership or otherwise as fiscally transparent, a beneficial owner in such Lender) that is not a "United States Person" as defined in Section 7701(a)(30) of the IRC (a "Foreign Lender") claiming the benefits of the exemption for portfolio interest, (x) a certificate in a form reasonably acceptable to Agent to the effect that such Foreign Lender is not a "bank" within the meaning of Section 881(c)(3)(A) of the Code, a "10 percent shareholder" of the Borrower within the meaning of Section 881(c)(3)(B) of the Code, or a "controlled foreign corporation" described in Section 881(c)(3)(C) of the Code, and (y) executed copies of United States Internal Revenue Service Form W-8 BEN (or W-8BEN-E, as applicable), and/or (iv) a copy of any other required form or documentation establishing that a full exemption exists from United States backup withholding tax to the extent there is a legal basis for a full exemption. Each Lender agrees that if any form or certification it previously delivered expires or becomes obsolete or inaccurate in any respect, it shall update such form or certification or promptly notify Borrower and Agent in writing of its legal inability to do so.

(vi) If a payment made to a Lender under any Loan Document would be subject to withholding Tax imposed by FATCA if such Lender were to fail to comply with the applicable reporting requirements of FATCA (including those contained in Section 1471(b) or 1472(b) of the IRC as applicable), such Lender shall deliver to Borrower and Agent at the time or times prescribed by applicable Legal Requirements and at such time or times reasonably requested by Borrower or agent such documentation prescribed by applicable law (including as prescribed by Section 1471(b)(3)(C)(i) of the IRC) and such additional documentation reasonably requested by Borrower or agent as may be necessary for Borrower and agent to comply with their obligations under FATCA and to determine that such Lender has complied with such Lender's obligations under FATCA or to determine the amount to deduct and withhold from such payment. Solely for purposes of this Section 2.4(c), "FATCA" shall include any amendments made to FATCA after the Closing Date.

(vii) If Lender receives a refund in respect of taxes paid by Borrower pursuant to this Section 2.4(c), which in the sole discretion of Lender exercised in good faith is allocable to such payment, it shall promptly pay such refund, together with any other amounts paid by Borrower in connection with such refunded taxes, to Borrower, net of all out-of-pocket expenses (including any taxes to which Lender has become subject as a result of its receipt of such refund) of Lender incurred in obtaining such refund and without interest (other than any interest paid by the relevant Governmental Authority with respect to such refund); *provided* that Borrower, upon the request of the Lender, shall repay to Lender amounts paid over pursuant to the preceding clause (plus any penalties, interest or other charges imposed by the relevant Governmental Authority) in the event that Lender is required to repay such refund to such Governmental Authority. Notwithstanding anything to the contrary in this paragraph (v), in no event will Lender be required to pay any amount to Borrower pursuant to this paragraph (v) the payment of which would place Lender in a less favorable net after-tax position than Lender would have been in if the indemnification payments or additional amounts giving rise to such refund had never been paid. This paragraph shall not be construed to require Lender to make available its tax returns (or any other information relating to its taxes that it deems confidential) to Borrower or any other Person.

2.5 Procedure for Making the Loans.

(a) Notice. Other than with respect to the incurrence of Loan A and Loan B, Borrower shall notify Lender of the date on which Borrower desires Lender to make any Loan at least five (5) Business Days in advance of the desired Funding Date, unless the Lender elects at its sole discretion to allow the Funding Date for a Loan to be made by Lender to be within five (5) Business Days of Borrower's notice. Borrower's execution and delivery to Lender of one or more Notes in respect of a Loan shall be Borrower's agreement to the terms and calculations thereunder with respect to such Loan. Lender's obligation to make any Loan shall be expressly subject to the satisfaction of the conditions set forth in Section 3.

(b) Loan Rate Calculation. Prior to each Funding Date for any Loan, Lender shall establish the Loan Rate with respect to such Loan, which shall be conclusive in the absence of a manifest error.

(c) Disbursement. Lender shall disburse the proceeds of each Loan by wire transfer to Borrower at the account specified in the Funding Certificate for such Loan.

2.6 Good Faith Deposit; Legal and Closing Expenses; and Commitment Fee.

(a) Good Faith Deposit. Borrower have delivered to Lender a good faith deposit in the amount of Thirty-Five Thousand Dollars ($35,000) (the "Good Faith Deposit"). The Good Faith Deposit paid to Lender will be credited to the Commitment Fee payable to the Lender. If the Funding Date does not occur, Lender shall retain the Good Faith Deposit as compensation for its time, expenses and opportunity cost.

(b) Legal, Due Diligence and Documentation Expenses. Concurrently with its execution and delivery of this Agreement and without duplication of any obligation to pay Lender's Expenses pursuant to any Loan Documents, Borrower shall pay to Lender all of Lender's reasonable and documented legal, due diligence and documentation expenses in connection with the negotiation and documentation of this Agreement and the Loan Documents, provided, however, that Borrower shall not be required to reimburse Lender for Lender's legal expenses for counsel within the United States in excess of Thirty-Five Thousand Dollars ($35,000) without the consent of Borrower.

(c) Commitment Fee. Borrower shall pay, concurrently with their execution and delivery of this Agreement, a commitment fee to Lender in the amount of One Hundred Thousand Dollars ($100,000) (the "Commitment Fee"). The Commitment Fee shall be retained by the Lender and be deemed fully earned upon receipt.

3. Conditions of Loans.

3.1 Conditions Precedent to Closing. At the time of the execution and delivery of this Agreement, Lender shall have received, in form and substance reasonably satisfactory to Lender, all of the following (unless Lender has agreed to waive such condition or document, in which case such condition or document shall be a condition precedent to the making of any Loan and shall be deemed added to Section 3.2):

(a) Loan Agreement. This Agreement duly executed by each Loan Party, Collateral Agent and Lender.

(b) Warrants. The Warrant duly executed by Borrower.

(c) Secretary's Certificate. A certificate of the secretary or assistant secretary (or other appropriate representative) of each Loan Party, dated as of the date hereof, with copies of the following documents attached: (i) the certificate of incorporation and bylaws (or equivalent documents) of such Loan Party certified by such Loan Party as being complete and in full force and effect on the date thereof, (ii) incumbency and representative signatures, and (iii) resolutions authorizing the execution and delivery of this Agreement and each of the other Loan Documents.

(d) Good Standing Certificates. With respect to Borrower, a good standing certificate from Borrower's state of organization and the state in which Borrower's principal place of business is located, each dated as of a date no earlier than thirty (30) days prior to the date hereof.

(e) Certificate of Insurance. Within thirty (30) days of the applicable Funding Date of Loan A and Loan B, evidence of the insurance coverage required by Section 6.8 of this Agreement.

(f) Consents. All necessary consents of shareholders and other third parties with respect to the execution, delivery and performance of this Agreement, the Warrant and the other Loan Documents.

(g) Legal Opinion. A legal opinion of each Loan Party's counsel, dated as of the date hereof, covering the matters set forth in Exhibit D hereto.

(h) Account Control Agreements. Within thirty (30) days of the applicable Funding Date of Loan A and Loan B, Account Control Agreements for all of each Loan Party's US deposit accounts and securities accounts duly executed by all of the parties thereto.

(i) Fees and Expenses. Payment of all fees and expenses then due hereunder or under any other Loan Document.

(j) Other Documents. Such other documents and completion of such other matters, as Lender may reasonably deem necessary or appropriate.

3.2 Conditions Precedent to Making Loan A and Loan B. The obligation of Lender to make each of Loan A and Loan B is further subject to satisfaction of the following conditions as of the applicable Funding Date:

(a) No Default. No Default or Event of Default shall have occurred and be continuing.

(b) Intentionally Omitted.

(c) Note. Borrower shall have duly executed and delivered one or more Notes in the amount of each of Loan A and Loan B to Lender.

(d) UCC Financing Statements. Lender shall have received such documents, instruments and agreements, including UCC financing statements or amendments to UCC financing statements and UCC financing statement searches, as Lender shall reasonably request to evidence the perfection and priority of the security interests granted to Collateral Agent and Lender pursuant to Section 4. Each Loan Party authorizes Collateral Agent and Lender to file any UCC financing statements, continuations of or amendments to UCC financing statements they deem necessary to perfect its security interest in the Collateral.

(e) UK Security Documents. Lender shall have received the UK Security Documents, executed by each party thereto.

(f) Funding Certificate. Borrower shall have duly executed and delivered to Lender a Funding Certificate for such Loans.

(g) Representations and Warranties. The representations and warranties made by each Loan Party in Section 5 and in the other Loan Documents shall be true and correct in all material respects as of such Funding Date, except that any representation or warranty already containing a materiality qualifier shall be true and correct in all respects.

3.3 Conditions Precedent to Making Loan C and Loan D. The obligation of Lender to make each of Loan C and Loan D is further subject to satisfaction of the following conditions as of the applicable Funding Date:

(a) No Default. No Default or Event of Default shall have occurred and be continuing.

(b) Note. Borrower shall have duly executed and delivered one or more Notes in the amount of each of Loan C and Loan D to Lender.

(c) Funding Certificate. Borrower shall have duly executed and delivered to Lender a Funding Certificate for such Loans.

(d) Representations and Warranties. The representations and warranties made by each Loan Party in Section 5 and in the other Loan Documents shall be true and correct in all material respects as of such Funding Date, except that any representation or warranty already containing a materiality qualifier shall be true and correct in all respects.

(e) Other Documents. Each Loan Party shall have provided Lender with such other documents and completion of such other matters, as Lender may reasonably deem necessary or appropriate.

3.4 Covenant to Deliver. Each Loan Party agrees (not as a condition but as a covenant) to deliver to Lender each item required to be delivered to Lender as a condition to each Loan, if such Loan is advanced. Each Loan Party expressly agrees that the extension of any Loan prior to the receipt by Lender of any such item shall not constitute a waiver by Lender of any Loan Party's obligation to deliver such item, and any such extension in the absence of a required item shall be in each Lender's sole discretion.

4. Creation of Security Interest.

4.1 Grant of Security Interests. Borrower grants to Collateral Agent and Lender a valid, continuing security interest in all presently existing and hereafter acquired or arising Collateral in order to secure prompt, full and complete payment of any and all Obligations (other than contingent indemnification obligations not then due and owing) and in order to secure prompt, full and complete performance by Borrower of each of its covenants and duties under each of the Loan Documents (other than the Warrants). The "Collateral" shall mean and include all right, title, interest, claims and demands of Borrower in the following:

(a) All goods (and embedded computer programs and supporting information included within the definition of "goods" under the Code) and equipment now owned or hereafter acquired, including all laboratory equipment, computer equipment, office equipment, machinery, fixtures, vehicles (including motor vehicles and trailers), and any interest in any of the foregoing, and all attachments, accessories, accessions, replacements, substitutions, additions, and improvements to any of the foregoing, wherever located;

(b) All inventory now owned or hereafter acquired, including all merchandise, raw materials, parts, supplies, packing and shipping materials, work in process and finished products including such inventory as is temporarily out of Borrower's custody or possession or in transit and including any returns upon any accounts or other proceeds, including insurance proceeds, resulting from the sale or disposition of any of the foregoing and any documents of title representing any of the above, and Borrower's books relating to any of the foregoing;

(c) All contract rights and general intangibles (except to the extent included within the definition of Intellectual Property), now owned or hereafter acquired, including goodwill, license agreements, franchise agreements, blueprints, drawings, purchase orders, customer lists, route lists, infringements, claims, software, computer programs, computer disks, computer tapes, literature, reports, catalogs, design rights, income tax refunds, payment intangibles, commercial tort claims, payments of insurance and rights to payment of any kind;

(d) All now existing and hereafter arising accounts, contract rights, royalties, license rights, license fees and all other forms of obligations owing to Borrower arising out of the sale or lease of goods, the licensing of technology or the rendering of services by any Borrower (subject, in each case, to the contractual rights of third parties to require funds received by such Borrower to be expended in a particular manner), whether or not earned by performance, and any and all credit insurance, guaranties, and other security therefor, as well as all merchandise returned to or reclaimed by Borrower and Borrower's books relating to any of the foregoing;

(e) All documents, cash, deposit accounts, letters of credit and letters of credit rights (whether or not the letter of credit is evidenced by a writing) and other supporting obligations, certificates of deposit, instruments, promissory notes, chattel paper (whether tangible or electronic) and investment property, including all securities, whether certificated or uncertificated, security entitlements, securities accounts, commodity contracts and commodity accounts, and all financial assets held in any securities account or otherwise, wherever located, now owned or hereafter acquired and Borrower's books relating to the foregoing; and

(f) To the extent not covered by clauses (a) through (e), all other personal property of Borrower, whether tangible or intangible, and any and all rights and interests in any of the above and the foregoing and, any and all claims, rights and interests in any of the above and all substitutions for, additions and accessions to and proceeds thereof, including insurance, condemnation, requisition or similar payments and proceeds of the sale or licensing of Intellectual Property to the extent such proceeds no longer constitute Intellectual Property; but

(g) Notwithstanding the foregoing, the Collateral shall not include (i) any Intellectual Property; *provided*, *however*, that the Collateral shall include all accounts receivables, accounts, and general intangibles that consist of rights to payment and proceeds from the sale, licensing or disposition of all or any part, or rights in, the foregoing (the "Rights to Payment"); (ii) any (A) lease, license, permit, state or local franchises, charters, authorizations, property rights, contract or agreement to which any Loan Party is a party, (B) any documentation relating to a governmental approval related to a collaboration agreement, or (C) any other asset developed pursuant to or otherwise arising out of a collaboration agreement, in each case, if and only if, and solely to the extent that, the grant of a security interest therein shall constitute or result in a breach, termination or default or abandonment, voiding, unenforceability or invalidity of any right or interest thereunder or thereof (other than to the extent that any such term would be rendered ineffective pursuant to Sections 9-406, 9-407, 9-408 or 9-409 of the Code of any relevant jurisdiction or any other applicable law or principles of equity); (iii) any lease, license, contract or agreement that is an "off the shelf" license of Intellectual Property that is not material to the operation of the business of Loan Parties or which can be replaced without a material expenditure; (iv) any asset that is subject to a Lien securing a purchase money obligation or capital lease obligation permitted to be incurred pursuant to this Agreement if the contract or other agreement in which such Lien is granted (or the documentation providing for such purchase money obligation or capital lease obligation) prohibits the creation of any other Lien on such asset; (v) any equity interest in a joint venture or similar investment, to the extent a pledge or collateral assignments thereof is validly restricted by the terms of (or would result in the termination of) such joint venture agreement or other Investment, provided that such restriction or termination clause shall not have been adopted in contemplation of this provision, but only to the extent and while such prohibition is not terminated or rendered unenforceable or otherwise deemed ineffective by the Code or any other requirement of law; (vi) motor vehicles and other assets subject to certificates of title to the extent the aggregate value thereof does not exceed One Million Dollars ($1,000,000); (vii) Excluded Accounts. Notwithstanding the foregoing, if a judicial authority (including a U.S. Bankruptcy Court) holds that a security interest in the underlying Intellectual Property is necessary to have a security interest in the Rights to Payment, then the Collateral shall automatically, and effective as of the date hereof, include the Intellectual Property to the extent necessary to permit perfection of Lender's security interest in the Rights to Payment.

4.2 After-Acquired Property. If Borrower shall at any time acquire a commercial tort claim with value reasonably expected to be in excess of $100,000.00, as defined in the Code, Borrower shall immediately notify Collateral Agent and Lender in writing signed by Borrower of the brief details thereof and at the request of the Collateral Agent, grant to Collateral Agent and Lender in such writing a security interest therein and in the proceeds thereof, all upon the terms of this Agreement, with such writing to be in form and substance satisfactory to Collateral Agent and Lender.

4.3 Duration of Security Interest. Collateral Agent's and Lender's security interest in the Collateral shall continue until the indefeasible payment in full and the satisfaction of all Obligations (in each case other than with respect to contingent indemnification obligations not them due and owing), and termination of Lender's commitment to fund the Loans, whereupon such security interest shall terminate. Collateral Agent and Lender shall, Borrower's sole cost and expense, execute such further documents and take such further actions as may be reasonably necessary to make effective the release contemplated by this Section 4.3 and any partial releases in connection with any transaction otherwise permitted hereunder or consented to by the Lender, including duly authorizing and delivering termination statements for filing in all relevant jurisdictions under the Code.

4.4 Location and Possession of Collateral. The Collateral (other than (i) any lap tops computers, phones and other equipment in the possession of employees, officers or directors in the ordinary course of business and (ii) Collateral and other equipment in transit between locations, or otherwise subject to repair) is and shall remain in the possession of Borrower at the location listed on the cover page hereof or as set forth in the Disclosure Schedule. Borrower shall remain in full possession, enjoyment and control of the Collateral (except only as may be otherwise required by Collateral Agent or Lender for perfection of the security interests therein created hereunder) and so long as no Event of Default has occurred that has not been waived by Lender, shall be entitled to manage, operate and use the same and each part thereof with the rights and franchises appertaining thereto; *provided* that the possession, enjoyment, control and use of the Collateral shall at all times be subject to the observance and performance of the terms of this Agreement.

4.5 Delivery of Additional Documentation Required. Each Loan Party shall from time to time execute and deliver to Collateral Agent and Lender, at the request of Collateral Agent or Lender, all financing statements and other documents Collateral Agent or Lender may reasonably request, in form satisfactory to Collateral Agent and Lender, to perfect and continue Collateral Agent's and Lender's perfected security interests in the Collateral and in order to consummate fully all of the transactions contemplated under the Loan Documents.

4.6 Right to Inspect. Collateral Agent and Lender (through any of their officers, employees, or agents) shall have the right, upon reasonable prior notice, from time to time during each Loan Party's usual business hours, to inspect the books and records of each Loan Party and its Subsidiaries and to make copies thereof and to inspect, test, and appraise the Collateral in order to verify each Loan Party's financial condition or the amount, condition of, or any other matter relating to, the Collateral. Any inspection, test or appraisal conducted hereunder shall be conducted at the sole cost and expense of Loan Party and shall be limited to one such inspection, test or appraisal per fiscal year of the Borrower unless an Event of Default has occurred that has not been waived by Lender.

4.7 Intellectual Property.

(a) At Lender's reasonable request, each Loan Party shall register or cause to be registered with the United States Copyright Office, the United Kingdom Intellectual Property Office or any other relevant registrar (i) any proprietary software (material to the business of any Loan Party) developed or acquired by any Loan Party in connection with any product developed or acquired for sale or licensing, (ii) any proprietary software (material to the business of any Loan Party) developed or acquired by any Loan Party hereafter from time to time in connection with any product developed or acquired for sale or licensing, and (iii) any major revisions or upgrades to any proprietary software (material to the business of any Loan Party) that has previously been registered by or on behalf of any Loan Party with the United States Copyright Office, the United Kingdom Intellectual Property Office, as the case may be, provided that to the extent the UK Security Documents include specific requirements with respect to the registration of the security interest in intellectual property with local IP registrars, such terms shall control with respect to intellectual property registered outside of the United States.

(b) Borrower shall notify Lender within 30 days of the end of each fiscal quarter, of the federal registration or filing by any Loan Party of any material patent or material patent application, or material trademark or material trademark application, or material copyright or material copyright application.

4.8 Protection of Intellectual Property. Each Loan Party shall, except to the extent otherwise permitted hereunder:

(a) protect, defend and maintain the validity and enforceability of its Intellectual Property material to the business of any such Loan Party and promptly advise Collateral Agent in writing of material infringements thereof;

(b) not allow any Intellectual Property material to any Loan Party's business to be abandoned, forfeited or dedicated to the public without Lender's written consent; and

(c) provide written notice to Collateral Agent within ten (10) days of entering or becoming bound by any Restricted License with respect to any Intellectual Property material to the business of any such Loan Party (other than over-the-counter software that is commercially available to the public, or other than in connection with any collaboration agreements or similar agreements).

5. Representations and Warranties. Except as set forth in the Disclosure Schedule, each Loan Party represents and warrants as follows:

5.1 Organization and Qualification. Each Loan Party and its Subsidiaries is an entity duly organized and validly existing under the laws of its jurisdiction of formation and qualified and licensed to do business in, and is in good standing in, any jurisdiction in which the conduct of its business or its ownership of Property requires that it be so qualified and licensed or in which the Collateral is located, except for such states as to which any failure to so qualify would not have a Material Adverse Effect.

5.2 Authority. Each Loan Party has all necessary power and authority to execute, deliver, and perform in accordance with the terms thereof, the Loan Documents to which it is a party. Each Loan Party and its Subsidiaries have all requisite power and authority to own and operate their Property and to carry on their businesses as now conducted. Each Loan Party and its Subsidiaries have obtained all licenses, permits, approvals and other authorizations necessary for the operation of their business, except for any failure to obtain which would not have a Material Adverse Effect.

5.3 Conflict with Other Instruments, etc. Neither the execution and delivery of any Loan Document to which any Loan Party is a party nor the consummation of the transactions therein contemplated nor compliance with the terms, conditions and provisions thereof will conflict with or result in a breach of any of the terms, conditions or provisions of the charter, the by-laws, or any other organizational documents of any Loan Party or any material law or any regulation, order, writ, injunction or decree of any court or Governmental Authority by which any Loan Party or any Subsidiary or any of their respective property or assets may be bound or affected or any material agreement or instrument to which any Loan Party is a party or by which it or any of its Property is bound or to which it or any of its Property is subject, or constitute a default thereunder or result in the creation or imposition of any Lien, other than Permitted Liens.

5.4 Authorization; Enforceability. The execution and delivery of this Agreement, the granting of the security interest in the Collateral, the incurrence of the Loans, the execution and delivery of the other Loan Documents to which any Loan Party is a party and the consummation of the transactions herein and therein contemplated have each been duly authorized by all necessary action on the part of each Loan Party. No authorization, consent, approval, license or exemption of, and no registration, qualification, designation, declaration or filing with, or notice to, any Person is, was or will be necessary to (a) the valid execution and delivery of any Loan Document to which any Loan Party is a party, (b) the performance of each Loan Party's obligations under any Loan Document or (c) the granting of the security interest in the Collateral, except for those already obtained or filings in connection with the perfection of the security interest in any of the Collateral or the issuance of the Warrants. The Loan Documents have been duly executed and delivered and constitute legal, valid and binding obligations of each Loan Party, enforceable in accordance with their respective terms, except as the enforceability thereof may be limited by bankruptcy, insolvency or other similar laws of general application relating to or affecting the enforcement of creditors' rights or by general principles of equity.

5.5 No Prior Encumbrances. Each Loan Party has good and marketable title to the Collateral, free and clear of Liens except for Permitted Liens. Each Loan Party has good title and ownership of, or is licensed under, all of such Loan Party's current material Intellectual Property. Each Loan Party is the sole owner of the material Intellectual Property which it owns or purports to own except for (a) non-exclusive licenses granted to its customers, resellers and/or distributors in the ordinary course of business, (b) over-the-counter software that is commercially available to the public, (c) Intellectual Property licensed to such Loan Party or (d) Intellectual Property otherwise subject to collaboration agreements or similar agreements. Each patent which it owns or purports to own and which is material to any Loan Party's business is valid and enforceable, and no part of the Intellectual Property which any Loan Party owns or purports to own and which is material to any Loan Party's business has been judged invalid or unenforceable, in whole or in part. No Loan Party has received any communications alleging that any Loan Party has violated,

or by conducting its business as proposed, would violate any proprietary rights of any other Person. No Loan Party has knowledge of any infringement or violation by it of the intellectual property rights of any third party and has no knowledge of any violation or infringement by a third party of any of its Intellectual Property, in each case, which could reasonably be expected to have a Material Adverse Effect. The Collateral and the Intellectual Property constitute substantially all of the assets and property of Loan Parties, and each Loan Party owns all Intellectual Property associated with the business of such Loan Party and its Subsidiaries, free and clear of any liens other than Permitted Liens.

5.6 Security Interest. The provisions of the Loan Documents create legal and valid security interests in the Collateral in favor of Collateral Agent and Lender, and, subject to the registration of particulars of the UK Security Documents at Companies House under the Companies Act 2006 and payment of associated fees, assuming the proper filing of one or more financing statement(s) identifying the Collateral with the proper state and/or local authorities, the delivery of certain Collateral (along with endorsements, as applicable) and the entering into of control or similar agreements, the security interests in the Collateral granted to Collateral Agent and Lender pursuant to the Loan Documents (a) constitute and will continue to constitute first priority security interests (except to the extent any Permitted Liens may have a superior priority to Collateral Agent's and Lender's Liens under the Loan Documents) and (b) are and will continue to be superior and prior to the rights of all other creditors of each Loan Party (except to the extent any Permitted Liens may have a superior priority to Collateral Agent's and Lender's Liens under the Loan Documents). To the extent (i) any Collateral is located outside the United States or arises under the laws of a jurisdiction other than the United States or any state or territory thereof, (ii) the terms of the security interest in, or pledge or other encumbrance of such Collateral are provided for in another Loan Document governed by the laws of the jurisdiction in which such Collateral is located or under which such Collateral arises, and (iii) the terms of this Agreement with respect to the security interest granted therein or the applicable Loan Party's or secured guarantor's obligations with respect to such Collateral are inconsistent with the provisions of such other Loan Document, then the terms of such other Loan Documents shall control with respect to the grant of security in favor of Collateral Agent or Lender or requirements to maintain perfection of such security interest.

5.7 Name; Location of Chief Executive Office, Principal Place of Business and Collateral. During the past five (5) years, no Loan Party has done business under any name other than that specified on the signature page hereof. Each Loan Party's jurisdiction of formation, chief executive office, principal place of business, and the place where such Loan Party maintains its material records concerning the Collateral are presently located in the state and at the address set forth on the cover page of this Agreement. The Collateral is presently located at the address set forth on the cover page hereof or as set forth in the Disclosure Schedule.

5.8 Litigation. There are no actions or proceedings pending by or against any Loan Party or any Subsidiary before any court, arbitral tribunal, regulatory organization, administrative agency or similar body in which an adverse decision could reasonably be expected to have a Material Adverse Effect. No Loan Party has knowledge of any such pending or threatened actions or proceedings.

5.9 Financial Statements. All financial statements relating to any Loan Party, any Subsidiary or any Affiliate that have been or may hereafter be delivered by any Loan Party to Collateral Agent or Lender present fairly in all material respects each Loan Party's Consolidated financial condition as of the date thereof and each Loan Party's Consolidated results of operations for the period then ended.

5.10 No Material Adverse Effect. No event has occurred and no condition exists which could reasonably be expected to have a Material Adverse Effect since December 31, 2019.

5.11 Full Disclosure. No representation, warranty or other statement made by any Loan Party in any Loan Document (including the Disclosure Schedule), certificate or written statement furnished to Collateral Agent or Lender contains any untrue statement of a material fact or omits to state a material fact necessary in order to make the statements contained in such certificates or statements not materially misleading.

5.12 Solvency, Etc. The Loan Parties and their Subsidiaries, on a consolidated basis, are Solvent (as defined below) and, after the execution and delivery of the Loan Documents and the consummation of the transactions contemplated thereby, the Loan Parties and the Subsidiaries, on a consolidated basis, will be Solvent. "Solvent" means, with respect to any Person on any date, that on such date (a) the fair value of the property of such Person is greater than the fair value of the liabilities (including contingent liabilities) of such Person, (b) the present fair saleable value of the assets of such Person is not less than the amount that will be required to pay the probable liability of such Person on its debts as they become absolute and matured, (c) such Person does not intend to, and does not believe that it will, incur debts or liabilities beyond such Person's ability to pay as such debts and liabilities mature and (d) such Person is not engaged in business or a transaction, and is not about to engage in business or a transaction, for which such Person's property would constitute an unreasonably small capital.

5.13 Subsidiaries. No Loan Party has any Subsidiaries.

5.14 Capitalization. All issued and outstanding Equity Securities of each Loan Party are duly authorized and validly issued, fully paid and non-assessable, and such securities were issued in compliance with all applicable state and federal laws concerning the issuance of securities, except for such compliance with such laws that would not reasonably be expected to result in a Material Adverse Effect.

5.15 Catastrophic Events; Labor Disputes. No Loan Party, any Subsidiary or any of their respective Property is or has been affected by any fire, explosion, accident, strike, lockout or other labor dispute, drought, storm, hail, earthquake, embargo, act of God or other casualty that could reasonably be expected to have a Material Adverse Effect. There are no disputes presently subject to grievance procedure, arbitration or litigation under any of the collective bargaining agreements, employment contracts or employee welfare or incentive plans to which any Loan Party or any Subsidiary is a party, and there are no strikes, lockouts, work stoppages or slowdowns, or, to the knowledge of any Loan Party, jurisdictional disputes or organizing activity occurring or threatened which could reasonably be expected to have a Material Adverse Effect.

5.16 Certain Agreements of Officers, Employees and Consultants.

(a) No Violation. To the knowledge of each Loan Party, no officer, employee or consultant of any Loan Party is, or is now expected to be, in violation of any term of any employment contract, proprietary information agreement, nondisclosure agreement, noncompetition agreement or any other material contract or agreement or any restrictive covenant relating to the right of any such officer, employee or consultant to be employed by such Loan Party because of the nature of the business conducted or to be conducted by any Loan Party or relating to the use of trade secrets or proprietary information of others, that could reasonably be expected to have a Material Adverse Effect, and to each Loan Party's knowledge, the continued employment of each Loan Party's officers, employees and consultants does not subject any Loan Party to any liability for any claim or claims arising out of or in connection with any such contract, agreement, or covenant that could reasonably be expected to have a Material Adverse Effect.

(b) No Present Intention to Terminate. To the knowledge of each Loan Party, no officer of any Loan Party, and no employee or consultant of any Loan Party whose termination, either individually or in the aggregate, could reasonably be expected to have a Material Adverse Effect, has any present intention of terminating his or her employment or consulting relationship with such Loan Party.

5.17 No Plan Assets. No Loan Party nor any Subsidiary is an "employee benefit plan," as defined in Section 3(3) of ERISA, subject to Title I of ERISA, and none of the assets of any Loan Party or any Subsidiary constitutes or will constitute "plan assets" of one or more such plans within the meaning of 29 C.F.R. Section 2510.3-101. In addition, (a) no Loan Party nor any Subsidiary is a "governmental plan" within the meaning of Section 3(32) of ERISA and (b) transactions by or with any Loan Party or any Subsidiary are not subject to state statutes regulating investment of, and fiduciary obligations with respect to, governmental plans similar to the provisions of Section 406 of ERISA or Section 4975 of the IRC currently in effect, which prohibit or otherwise restrict the transactions contemplated by this Loan Agreement.

5.18 Sanctions, Etc. No Loan Party, its Subsidiaries or, any director, officer, employee, agent or Affiliate of any Loan Party or any of its Subsidiaries, is a Person that is, or is owned or controlled by Persons that are, (a) the subject or target of any Sanctions or (b) located, organized or resident in a country or territory that is, or whose government is, the subject of Sanctions. To the best of each Loan Party's knowledge, as of the date hereof and at all times throughout the term of this Agreement, including after giving effect to any transfers of interests permitted pursuant to the Loan Documents, none of the funds of any Loan Party, any Subsidiary or of their Affiliates have been (or will be) derived from any unlawful activity with the result that the investment in the respective party (whether directly or indirectly), is prohibited by applicable law or the Loans are in violation of applicable law.

5.19 Regulatory Compliance. No Loan Party is a "bank holding company" or a direct or indirect subsidiary of a "bank holding company" as defined in the Bank Holding Company Act of 1956, as amended, and Regulation Y thereunder of the Board of Governors of the Federal Reserve System. No Loan Party nor any Subsidiary is an "investment company" or a company controlled by an "investment company" under the Investment Company Act of 1940. No Loan Party is engaged in the business of extending credit for the purpose of purchasing or carrying margin stock (as defined in Regulation U of the Board of Governors of the Federal Reserve System) and no proceeds of any Loan will be used to purchase or carry margin stock or to extend credit to others for the purpose of purchasing or carrying any margin stock.

5.20 Payment of Taxes. All federal and other material tax returns, reports and statements (including any attachments thereto or amendments thereof) of each Loan Party and its Subsidiaries filed or required to be filed by any of them have been timely filed (or extensions have been obtained and such extensions have not expired) and all taxes shown on such tax returns or otherwise due and payable and all assessments, fees and other governmental charges upon each Loan Party, its Subsidiaries and their respective properties, assets, income, businesses and franchises which are due and payable have been paid when due and payable, except for the payment of any such taxes, assessments, fees and other governmental charges which are being diligently contested by any Loan Party in good faith by appropriate proceedings and for which adequate reserves have been made under GAAP. To the knowledge of each Loan Party, no tax return of any Loan Party or any Subsidiary is currently under an audit or examination, and no Loan Party has received written notice of any proposed audit or examination, in each case, where a material amount of tax is at issue. No Loan Party is an "S corporation" within the meaning of Section 1361(a)(1) of the IRC of 1986.

5.21 Anti-Terrorism Laws. No Loan Party will, directly or indirectly, use the proceeds of the Loans, or lend, contribute or otherwise make available such proceeds to any Subsidiary, joint venture partner or other Person, (i) to fund any activities or business of or with any Person, or in any country or territory, that, at the time of such funding, is, or whose government is, the subject of Sanctions, or (ii) in any other manner that would result in a violation of Sanctions by any Person (including any Person participating in the Loans, whether as lender, underwriter, advisor, investor or otherwise). Lender hereby notifies each Loan Party that pursuant to the requirements of Anti-Terrorism Laws, and Lender's policies and practices, Lender is required to obtain, verify and record certain information and documentation that identifies each Loan Party and its principals, which information includes the name and address of such Loan Party and its principals and such other information that will allow Lender to identify such party in accordance with Anti-Terrorism Laws.

6. Affirmative Covenants. Each Loan Party, until the full and complete payment of the Obligations (other than contingent indemnification obligations not then due and owing), covenants and agrees that:

6.1 Good Standing. Subject to Section 6.10, each Loan Party shall maintain, and cause each of its Subsidiaries to maintain, its corporate existence and its good standing in its jurisdiction of incorporation and maintain qualification in each jurisdiction in which the failure to so qualify could reasonably be expected to have a Material Adverse Effect. Each Loan Party shall maintain, and cause each of its Subsidiaries to maintain, in force all licenses, approvals and agreements, the loss of which could reasonably be expected to have a Material Adverse Effect.

6.2 Government Compliance. Each Loan Party shall comply, and cause each of its Subsidiaries to comply, with all statutes, laws, ordinances and government rules and regulations to which it is subject, noncompliance with which could reasonably be expected to have a Material Adverse Effect.

6.3 Financial Statements, Reports, Certificates. Borrower shall deliver to Lender: (a) as soon as available, but in any event within forty-five (45) days after the end of each quarter, a Borrower prepared Consolidated balance sheet, Consolidated income statement and Consolidated cash flow statement covering each Loan Party's operations during such period, certified by Borrower's president, treasurer or chief financial officer (each, a "Responsible Officer"); (b) as soon as available, but in any event within one hundred eighty (180) days after the end of Borrower's fiscal year, audited Consolidated financial statements of each Loan Party prepared in accordance with GAAP, together with an unqualified opinion on such financial statements of PricewaterhouseCoopers or another nationally recognized or other independent public accounting firm reasonably acceptable to Lender; (c) as soon as available, but in any event within forty-five (45) days after the end of Borrower's fiscal year, each Loan Party's operating budget and plan for the next fiscal year; and (d) such other financial information as Lender may reasonably request from time to time. In addition, each Loan Party shall deliver to Lender (A) promptly upon becoming available, copies of all statements, reports and notices sent or made available generally by such Loan Party to its security holders and (B) immediately upon receipt of notice thereof, a report of any material legal actions pending or threatened against such Loan Party or any Subsidiary or the commencement of any action, proceeding or governmental investigation involving such Loan Party or any Subsidiary is commenced that is reasonably expected to result in damages or costs to any Loan Party or Loan Parties in the aggregate of Fifty Thousand Dollars ($50,000) or more. From and after such time as any Loan Party becomes a publicly reporting company, promptly as they are available and in any event: (i) at the time of filing of such Loan Party's Form 10-K with the Securities and Exchange Commission after the end of each fiscal year of such Loan Party, the financial statements of such Loan Party filed with such Form 10-K; and (ii) at the time of filing of such Loan Party's Form 10-Q with the Securities and Exchange Commission after the end of each of the first three fiscal quarters of such Loan Party, the Consolidated financial statements of such Loan Party filed with such Form 10-Q. Notwithstanding anything to the contrary contained herein, the filing of any such financial statements, reports or other information required by this Section 6.3 with the Securities and Exchange Commission shall be deemed to have satisfied any delivery requirements of this Section 6.3.

6.4 Certificates of Compliance. Each time financial statements are furnished pursuant to Section 6.3 above, Borrower shall deliver to Lender an Officer's Certificate signed by a Responsible Officer in the form of, and certifying to the matters set forth in Exhibit E hereto.

6.5 Notice of Defaults. As soon as possible, and in any event within five (5) days after the discovery of a Default or an Event of Default, Borrower shall provide Lender with an Officer's Certificate setting forth the facts relating to or giving rise to such Default or Event of Default and the action which each Loan Party proposes to take with respect thereto.

6.6 Taxes. Each Loan Party shall make, and cause each Subsidiary to make, due and timely payment or deposit of all federal, state, and local taxes, assessments, or contributions required of it by law or imposed upon any Property belonging to it, and will execute and deliver to Collateral Agent and Lender, on demand, appropriate certificates attesting to the payment or deposit thereof; and each Loan Party will make, and cause each Subsidiary to make, timely payment or deposit of all tax payments and withholding taxes required of it by applicable laws, including those laws concerning F.I.C.A., F.U.T.A., state disability, and local, state, and federal income taxes, and will, upon request, furnish Collateral Agent and Lender with proof satisfactory

to Lender indicating that each Loan Party and each Subsidiary has made such payments or deposits; *provided* that no Loan Party shall be required to make any payment if the amount or validity of such payment is contested in good faith by appropriate proceedings which suspend the collection thereof (provided that such proceedings do not involve any substantial danger of the sale, forfeiture or loss of any material item of Collateral or Collateral which in the aggregate is material to any Loan Party or Loan Parties in the aggregate, and that a Loan Party has adequately bonded such amounts or reserves sufficient to discharge such amounts have been provided on the books of such Loan Party). In addition, no Loan Party shall change, and shall not permit any Subsidiary to change, its respective jurisdiction of residence for taxation purposes.

6.7 Use; Maintenance. Each Loan Party shall keep and maintain all items of equipment and other similar types of personal property that form any significant portion or portions of the Collateral in good operating condition and repair and shall make all necessary replacements thereof and renewals thereto so that the value and operating efficiency thereof shall at all times be maintained and preserved. No Loan Party shall permit any such material item of Collateral to become a fixture to real estate or an accession to other personal property, without the prior written consent of Collateral Agent and Lender. No Loan Party shall permit any such material item of Collateral to be operated or maintained in violation of any applicable material law, statute, rule or regulation. With respect to items of material leased equipment (to the extent Collateral Agent and Lender have any security interest in any residual Loan Party's interest in such equipment under the lease), unless otherwise permitted hereby, each Loan Party shall keep, maintain, repair, replace and operate such leased equipment in accordance with the terms of the applicable lease.

6.8 Insurance. Each Loan Party shall keep its business and the Collateral insured for risks and in amounts standard for companies in such Loan Party's industry and location, and as Collateral Agent or Lender may reasonably request. Insurance policies shall be in a form, with companies, and in amounts that are reasonably satisfactory to Collateral Agent and Lender. All property policies shall have a lender's loss payable endorsement showing Collateral Agent and Lender as an additional loss payee and all liability policies shall show Collateral Agent and Lender as an additional insured and all policies shall provide that the insurer must give Collateral Agent at least thirty (30) days' notice before canceling its policy. At Collateral Agent's or Lender's request, each Loan Party shall deliver certified copies of policies and evidence of all premium payments. Proceeds payable under any property policy shall, at Collateral Agent's or Lender's option, be payable to Collateral Agent, for the benefit of Lender, or to Lender on account of the Obligations. Notwithstanding the foregoing, so long as no Event of Default has occurred and is continuing and the Lender has not elected to exercise its remedies in accordance with the terms hereof, each Loan Party shall have the option of applying the proceeds of any property policy, toward the replacement or repair of destroyed or damaged property; *provided* that (a) any such replaced or repaired property (i) shall be of equal or like value as the replaced or repaired Collateral and (ii) shall be deemed Collateral in which Collateral Agent and Lender have been granted a first priority security interest and (b) after the occurrence and during the continuation of an Event of Default all proceeds payable under such property policy shall, at the option of Collateral Agent or Lender, be payable to Collateral Agent, for the benefit of Lender, or to Lender on account of the Obligations (other than contingent indemnification obligations not then due and owing). If any Loan Party fails to obtain insurance as required under Section 6.8 or to pay any amount or furnish any required proof of payment to third persons and Collateral Agent, Collateral Agent or Lender may make all or part of such payment or obtain such insurance policies required in Section 6.8, and take any action under the policies Collateral Agent or Lender deems prudent. On or prior to the first Funding Date and prior to each policy renewal, each Loan Party shall furnish to Collateral Agent certificates of insurance or other evidence satisfactory to Collateral Agent that insurance complying with all of the above requirements is in effect.

6.9 Further Assurances. At any time, and from time to time, in accordance with the terms and conditions of the Loan Documents, each Loan Party shall execute and deliver such further instruments and take such further action as may reasonably be requested by Collateral Agent or Lender to make effective the purposes of this Agreement, including the continued perfection and priority of Collateral Agent's and Lender's security interest in the Collateral.

6.10 Subsidiaries. Subject to the immediately succeeding sentence, each Loan Party, upon Lender's or Collateral Agent's reasonable request, shall cause any Subsidiary to provide Lender and Collateral Agent with a guaranty of the Obligations (other than contingent indemnification obligations not then due and owing) and a security interest in such Subsidiary's assets to secure such guaranty. Notwithstanding the foregoing, Loan Parties, on or prior to the date that is ninety (90) days after the date of this Agreement (or in the case of Sperovie Biosciences Inc., SBP Securities Corporation, and F-Star Therapeutics LLC, on or prior to December 31, 2021), shall provide Lender with evidence reasonably satisfactory to Lender that Loan Party have caused each of the subsidiaries of F-Star Therapeutics Ltd in existence as of the date of this agreement (including, without limitation, F-star GmbH, F-star Alpha Ltd., F-star Beta Ltd., F-star Biotech Ltd and F-star Therapeutics LLC) to either (i) be dissolved or otherwise have their operations wound up and all of each such entity's assets transferred to a Loan Party, (ii) merged with or into a Loan Party with such Loan Party being the surviving entity to such transaction, or (iii) become a party to this Agreement and each other Loan Document, as applicable, as a Loan Party.

6.11 Keeping of Books. Each Loan Party shall keep proper books of record and account, in which full and correct entries shall be made of all financial transactions and the assets and business of such Loan Party and its Subsidiaries in accordance with GAAP.

6.12 Access. If an Event of Default is continuing, each Loan Party shall, and the Borrower shall ensure that each Loan Party will, permit the Lender and/or the Collateral Agent and/or accountants or other professional advisers and contractors of the Lender or Collateral Agent free access, subject to the terms of any lease, at all reasonable times during normal working hours and on reasonable notice at the risk and cost of the Loan Parties to (a) the premises, assets, books, accounts and records of each Loan Party and (b) meet and discuss matters pertaining to the Loan Parties, with senior management, in each case, to the extent reasonably necessary to protect Collateral Agent and Lender's interest.

7. Negative Covenants. Each Loan Party, until the full and complete payment of the Obligations (other than contingent indemnification obligations not then due and owing), covenants and agrees that no Loan Party shall:

7.1 Chief Executive Office. Change its name, jurisdiction of incorporation, chief executive office, principal place of business or any of the items set forth in Section 1 of the Disclosure Schedule without thirty (30) days prior written notice to Collateral Agent.

7.2 Collateral Control. Subject to its rights under Sections 4.4 and 7.4, remove any items of Collateral from Loan Parties' facility located at the address set forth on the cover page hereof or as set forth on the Disclosure Schedule.

7.3 Liens. Create, incur, allow or suffer, or permit any Subsidiary to create, incur, allow or suffer, any Lien on any of its property, or assign or convey any right to receive income, including the sale of any accounts except for Permitted Liens, or permit any Collateral not to be subject to the first priority security interest granted herein (except for Permitted Liens that are permitted by the terms of this Agreement to have priority to Collateral Agent's and Lender's Liens), or enter into any agreement, document, instrument or other arrangement (except with or in favor of Collateral Agent, for the benefit of Lender, or Lender) with any Person which directly or indirectly prohibits or has the effect of prohibiting any Loan Party or any Subsidiary from assigning, mortgaging, pledging, granting a security interest in or upon, or encumbering any Loan Party's or any Subsidiary's Intellectual Property, except (a) as otherwise permitted in Section 7.4 hereof or (b) as permitted in the definition of "Permitted Liens" herein.

7.4 Other Dispositions of Collateral. Convey, sell, lease or otherwise dispose of, or permit any Subsidiary to convey, sell, lease or otherwise dispose, of all or any part of the Collateral to any Person (collectively, a "Transfer"), except for: (a) Transfers of inventory in the ordinary course of business; (b) Transfers of worn-out or obsolete equipment made in the ordinary course of business; (c) Transfers permitted under subclause (e) of the definition of Permitted Liens and other transfers in connection with collaboration agreements or similar agreements permitted pursuant to the terms of this Agreement; (d) decisions regarding the registration of any of its Intellectual Property, including without limitation, any decisions regarding application, prosecution, abandonment, or cancellation of any such Intellectual Property, and (e) any other Transfers in an amount not to exceed $100,000.00 per fiscal year of the Borrower.

7.5 Distributions. (a) Pay any dividends or make any distributions, or permit any Subsidiary to pay any dividends or make any distributions, on their respective Equity Securities; (b) purchase, redeem, retire, defease or otherwise acquire, or permit any Subsidiary to purchase, redeem, retire, defease or otherwise acquire, for value any of their respective Equity Securities (other than repurchases pursuant to the terms of employee stock purchase plans, employee restricted stock agreements or similar arrangements in an aggregate amount not to exceed One Hundred Thousand Dollars ($100,000) in any fiscal year of the Borrower); (c) return, or permit any Subsidiary to return, any capital to any holder of its Equity Securities as such; (d) make, or permit any Subsidiary to make, any distribution of assets, Equity Securities, obligations or securities to any holder of its Equity Securities as such; or (e) set apart any sum for any such purpose; *provided*, however, (A) any Subsidiary may pay dividends solely to a Loan Party or another wholly-owned Subsidiary and (B) any Loan Party may pay dividends payable solely in such Loan Party's common stock.

7.6 Mergers or Acquisitions. Merge or consolidate, or permit any Subsidiary to merge or consolidate, with or into any other Person or acquire, or permit any Subsidiary to acquire, all or substantially all of the capital stock or assets of another Person, other than in connection with any Permitted Investment or as otherwise required hereunder; *provided* that (a) any Subsidiary may merge into another Subsidiary and (b) any Subsidiary or other Loan Party may merge into any Loan Party so long as such Loan Party is the surviving entity.

7.7 Change in Business or Ownership. Engage, or permit any Subsidiary to engage, in any business other than the businesses currently engaged in by any Loan Party or such Subsidiary, as applicable, or reasonably related thereto or have a material change in any Loan Party's ownership greater than fifty percent (50%) other than (a) by the sale by a Loan Party of such Loan Party's Equity Securities in a public offering or (b) to venture capital investors so long as Borrower identifies to Lender and Collateral Agent the venture capital investors prior to the execution of a definitive agreement relating to such change of ownership and any such venture capital investors that purchase or otherwise acquire twenty-five percent (25%) or more of the ownership of such Loan Party in one or a series of transactions have cleared Lender's "know your customer" checks.

7.8 Transactions With Affiliates; Creation of Subsidiaries. (a) Enter, or permit any Subsidiary to enter, into any contractual obligation with any Affiliate or engage in any other transaction with any Affiliate except upon terms at least as favorable to each Loan Party or such Subsidiary, as applicable, as an arms-length transaction with Persons who are not Affiliates of any Loan Party, or as otherwise permitted hereunder or (b) create a Subsidiary without providing at least 10 Business Days advance notice thereof to Lender and, if requested by Lender in accordance with Section 6.10, any such Subsidiary guarantees the Obligations (other than contingent indemnification obligations not then due and owing) and grants a security interest in its assets to secure such guaranty, in each case on terms reasonably satisfactory to Collateral Agent and Lender.

7.9 Indebtedness Payments. Unless not otherwise restricted from being paid pursuant to the terms of this Agreement, (a) Prepay, redeem, purchase, defease or otherwise satisfy in any manner prior to the scheduled repayment thereof any Indebtedness for borrowed money (other than amounts due or permitted to be prepaid under this Agreement, or under any revolving credit agreement constituting Permitted Indebtedness under clause (d) of the definition of Permitted Indebtedness) or lease obligations, (b) amend, modify or otherwise change the terms of any Indebtedness for borrowed money or lease obligations so as to accelerate the scheduled repayment thereof or (c) repay any notes to officers, directors or shareholders.

7.10 Indebtedness. Create, incur, assume or permit, or permit any Subsidiary to create, incur, or permit to exist, any Indebtedness except Permitted Indebtedness.

7.11 Investments. Make, or permit any Subsidiary to make, any Investment except for Permitted Investments.

7.12 Compliance. (a) Become, or permit any Subsidiary to become, an "investment company" or a company controlled by an "investment company" under the Investment Company Act of 1940, or undertake as one of its important activities, extending credit to purchase or carry margin stock (as defined in Regulation U of the Board of Governors of the Federal Reserve System), or use the proceeds of any Loan for that purpose; (b) become, or permit any Subsidiary to become, subject to any other federal or state law or regulation which purports to restrict or regulate its ability to borrow money; or (c) (i) fail, or permit any Subsidiary to fail, to meet the minimum funding requirements of the Employment Retirement Income Security Act of 1974, and its regulations, as amended from time to time ("ERISA"), permit, or (ii) permit, or permit any Subsidiary to permit, a Reportable Event or Prohibited Transaction, as defined in ERISA, to occur; (d) fail, or permit any Subsidiary to fail, to comply with the Federal Fair Labor Standards Act or violate any other law or regulation, if the violation could reasonably be expected to have Material Adverse Effect.

7.13 Maintenance of Accounts. (a) Subject to the term and limitations hereof, maintain any deposit account or securities account except Excluded Accounts with respect to which Collateral Agent and Lender have obtained a perfected security interest in such accounts through one or more Account Control Agreements or (b) grant or allow any other Person (other than Collateral Agent or Lender) to perfect a security interest in, or enter into any agreements with any Persons (other than Collateral Agent, Lender or the lender providing Borrower with Indebtedness permitted under subsection (d) of the definition of Permitted Indebtedness) accomplishing perfection via control as to, any of its deposit accounts or securities accounts, in each case, other than Permitted Liens.

7.14 Negative Pledge Regarding Intellectual Property. Create, incur, assume or suffer to exist, or permit any Subsidiary to create, incur, assume or suffer to exist, any Lien of any kind upon any Intellectual Property, or Transfer any Intellectual Property, whether now owned or hereafter acquired, other than non-exclusive licenses of Intellectual Property entered into in the ordinary course of business in each case, other than Permitted Liens or otherwise permitted pursuant to this Agreement.

8. Events of Default. Any one or more of the following events shall constitute an "Event of Default" by Loan Parties under this Agreement:

8.1 Failure to Pay. If any Loan Party fails to pay when due and payable or when declared due and payable in accordance with the Loan Documents: (a) any Scheduled Payment on the relevant Payment Date or on the relevant Maturity Date; or (b) any other portion of the Obligations (other than contingent indemnification obligations not then due and owing) within five (5) days after receipt of written notice from Lender that such payment is due.

8.2 Certain Covenant Defaults. If any Loan Party fails to perform any obligation arising under Sections 6.5, 6.8, or 6.10, or violates any of the covenants contained in Section 7 of this Agreement.

8.3 Other Covenant Defaults. If any Loan Party fails or neglects to perform, keep, or observe any other term, provision, condition, covenant, or agreement contained in this Agreement (other than as set forth in Sections 8.1, 8.2 or 8.4 through 8.14) or in any of the other Loan Documents and such Loan Party has failed to cure such default within thirty (30) days following the occurrence of such default. During this thirty (30) day period, the failure to cure the default is not an Event of Default (but no Loan will be made during the cure period).

8.4 Material Adverse Change. If there occurs a material adverse change in the Loan Parties' business in the aggregate, or if there is a material impairment of the prospect of repayment of any portion of the Obligations owing to Collateral Agent or Lender or a material impairment of the value or priority of Collateral Agent's and Lender's security interest in the Collateral.

8.5 Intentionally Omitted.

8.6 Seizure of Assets, Etc. (a) If any material portion of any Loan Party's or any Subsidiary's assets (i) is attached, seized, subjected to a writ or distress warrant, or is levied upon or (ii) comes into the possession of any trustee, receiver or Person acting in a similar capacity and such attachment, seizure, writ or distress warrant or levy has not been removed, discharged or rescinded within forty five (45) days, (b) if any Loan Party or any Subsidiary is enjoined, restrained or in any way prevented by court order from continuing to conduct all or any material part of its business affairs, (c) if a judgment or other claim becomes a lien or encumbrance upon any material portion of any Loan Party's or any Subsidiary's assets or (d) if a notice of lien, levy, or assessment is filed of record with respect to any Loan Party's or any Subsidiary's assets by the United States Government, or any department agency or instrumentality thereof, or by any state, county, municipal, or governmental agency, and the same is not paid within forty five (45) days after any Loan Party receives notice thereof; *provided* that none of the foregoing shall constitute an Event of Default where such action or event is stayed or an adequate bond has been posted pending a good faith contest by any Loan Party.

8.7 Service of Process. (a) The service of process upon Collateral Agent or Lender seeking to attach by a trustee or other process any funds of any Loan Party on deposit or otherwise held by Collateral Agent or Lender, (b) the delivery upon Collateral Agent or Lender of a notice of foreclosure by any Person seeking to attach or foreclose on any funds of any Loan Party on deposit or otherwise held by Collateral Agent or Lender or (c) the delivery of a notice of foreclosure or exclusive control to any entity holding or maintaining any Loan Party's deposit accounts or accounts holding securities by any Person (other than Collateral Agent or Lender) seeking to foreclose or attach any such accounts or securities.

8.8 Default on Indebtedness. One or more defaults shall exist under any agreement with any third party or parties which consists of the failure to pay any Indebtedness of any Loan Party or any Subsidiary at maturity or which results in a right by such third party or parties, whether or not exercised, to accelerate the maturity of Indebtedness in an aggregate amount in excess of Two Hundred Thousand Dollars ($200,000) or a default shall exist under any financing agreement with a Lender or any Lender's Affiliates.

8.9 Judgments. If a judgment or judgments for the payment of money (not covered by insurance or otherwise subject to indemnification by a Person that is not an Affiliate of a Loan Party) in an amount, individually or in the aggregate, of at least Two Hundred Thousand Dollars ($200,000) shall be rendered against any Loan Party or Loan Parties in the aggregate, or any Subsidiary and shall remain unsatisfied and unstayed for a period of forty five (45) days or more.

8.10 Misrepresentations. If any material misrepresentation or material misstatement exists now or hereafter in any warranty, representation, statement, certification, or report made to Collateral Agent or Lender by any Loan Party or any officer, employee, agent, or director of any Loan Party.

8.11 Breach of Warrant. If Borrower shall breach any material term of any Warrant.

8.12 Unenforceable Loan Document. If any Loan Document shall in any material respect cease to be, or any Loan Party shall assert that any Loan Document is not, a legal, valid and binding obligation of any Loan Party enforceable in accordance with its terms, in each case, other than as a result of any action or inaction of the Lender or Collateral Agent.

8.13 Involuntary Insolvency Proceeding. (a) If a proceeding shall have been instituted in a court having jurisdiction in the premises (i) seeking a decree or order for relief in respect of any Loan Party or any Subsidiary in an involuntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, (ii) for the appointment of a receiver, liquidator, administrator, assignee, custodian, trustee (or similar official) of any Loan Party or any Subsidiary or for any substantial part of its Property or (iii) for the winding-up or liquidation of its affairs, and such proceeding shall remain undismissed or unstayed and in effect for a period of forty five(45) consecutive days or (b) such court shall enter a decree or order granting the relief sought in any such proceeding.

8.14 Voluntary Insolvency Proceeding. If any Loan Party or any Subsidiary shall (a) commence a voluntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, (b) consent to the entry of an order for relief in an involuntary case under any such law, (c) consent to the appointment of or taking possession by a receiver, liquidator, assignee, trustee, custodian (or other similar official) of any Loan Party or any Subsidiary or for any substantial part of its Property, (d) shall make a general assignment for the benefit of creditors, (e) shall fail generally to pay its debts as they become due or (f) take any corporate action in furtherance of any of the foregoing.

8.15 Insolvency.

(a) If a Loan Party is unable to pay their debts as they fall due, or any Loan Party admits in writing, its inability to pay its debts as they fall due;

(b) If a Loan Party is unable (or are declared to, be unable to) pay their debts as they come due under applicable law;

(c) The fair saleable value of the assets of the Loan Parties (including goodwill minus disposition costs) are less than the value of their liabilities (taking into account contingent and prospective liabilities); or

(d) If a Loan Party otherwise ceases to be Solvent.

9. Lender's Rights and Remedies.

9.1 Rights and Remedies. Upon the occurrence of any Default or Event of Default that has not been waived by Lender, Lender shall not have any further obligation to advance money or extend credit to or for the benefit of any Loan Party. In addition, upon the occurrence of an Event of Default that has not been waived by Lender, Collateral Agent and Lender shall have the rights, options, duties and remedies of a secured party as permitted by law and, in addition to and without limitation of the foregoing, Collateral Agent, on behalf of Lender, or Lender (acting alone) may, at its election, without notice of election and without demand, do any one or more of the following, all of which are authorized by each Loan Party:

(a) Acceleration of Obligations. Declare all Obligations (other than contingent indemnification obligations not then due and owing), whether evidenced by this Agreement, by any of the other Loan Documents, or otherwise, including (i) any accrued and unpaid interest, (ii) the amounts which would have otherwise come due under Section 2.3(b)(ii) if the Loans had been voluntarily prepaid, (iii) the unpaid principal balance of the Loans and (iv) all other sums, if any, that shall have become due and payable hereunder, immediately due and payable (*provided* that upon the occurrence of an Event of Default described in Section 8.13 or 8.14 all Obligations (other than contingent indemnification obligations not then due and owing) shall become immediately due and payable without any action by Collateral Agent or Lender);

(b) Protection of Collateral. Make such payments and do such acts as Collateral Agent or Lender considers necessary or reasonable to protect Collateral Agent's and Lender's security interest in the Collateral. Borrower agrees to assemble the Collateral if Collateral Agent or Lender so requires and to make the Collateral available to Collateral Agent or Lender as Collateral Agent or Lender may designate. Borrower authorizes Collateral Agent, Lender and their designees and agents to enter the premises where the Collateral is located, to take and maintain possession of the Collateral, or any part of it, and to pay, purchase, contest, or compromise any Lien which in Collateral Agent's or Lender's determination appears or is claimed to be prior or superior to its security interest and to pay all expenses incurred in connection therewith. With respect to any of Borrower's owned premises, Borrower hereby grants Collateral Agent and Lender a license to enter into possession of such premises and to occupy the same, without charge, for up to one hundred twenty (120) days in order to exercise any of Collateral Agent's and Lender's rights or remedies provided herein, at law, in equity, or otherwise;

(c) Preparation of Collateral for Sale. Ship, reclaim, recover, store, finish, maintain, repair, prepare for sale, advertise for sale, and sell (in the manner provided for herein) the Collateral. Collateral Agent, Lender and their agents and any purchasers at or after foreclosure are hereby granted a non-exclusive, irrevocable, perpetual, fully paid, royalty-free license or other right, solely pursuant to the provisions of this Section 9.1, to use, without charge, Borrower's Intellectual Property, including labels, patents, copyrights, rights of use of any name, trade secrets, trade names, trademarks, service marks, and advertising matter, or any Property of a similar nature, now or at any time hereafter owned or acquired by any Borrower or in which Borrower now or at any time hereafter has any rights; *provided* that such license shall only be exercisable in connection with the disposition of Collateral upon Collateral Agent's or Lender's exercise of its remedies hereunder;

(d) Sale of Collateral. Sell the Collateral at either a public or private sale, or both, by way of one or more contracts or transactions, for cash or on terms, in such manner and at such places (including any of Borrower's premises) as Collateral Agent or Lender determines are commercially reasonable; and

(e) Purchase of Collateral. Credit bid and purchase all or any portion of the Collateral at any public sale.

Any deficiency that exists after disposition of the Collateral as provided above will be paid immediately by Loan Parties.

9.2 Set Off Right. Collateral Agent and Lender may set off and apply to the Obligations (other than contingent indemnification obligations not then due and owing) any and all Indebtedness at any time owing to or for the credit or the account of any Loan Party or any other assets of any Loan Party in Collateral Agent's or Lender's possession or control.

9.3 Effect of Sale. Upon the occurrence of an Event of Default that has not been waived by Lender, to the extent permitted by law, each Loan Party covenants that it will not at any time insist upon or plead, or in any manner whatsoever claim or take any benefit or advantage of, any stay or extension law now or at any time hereafter in force, nor claim, take nor insist upon any benefit or advantage of or from any law now or hereafter in force providing for the valuation or appraisement of the Collateral or any part thereof prior to any sale or sales thereof to be made pursuant to any provision herein contained, or to the decree, judgment or order of any court of competent jurisdiction; nor, after such sale or sales, claim or exercise any right under any statute now or hereafter made or enacted by any state or otherwise to redeem the property so sold or any part thereof, and, to the full extent legally permitted, except as to rights expressly provided herein, hereby expressly waives for itself and on behalf of each and every Person, except decree or judgment creditors of such Loan Party, acquiring any interest in or title to the Collateral or any part thereof subsequent to the date of this Agreement, all benefit and advantage of any such law or laws, and covenants that it will not invoke or utilize any such law or laws or otherwise hinder, delay or impede the execution of any power herein granted and delegated to Collateral Agent or Lender, but will suffer and permit the execution of every such power as though no such power, law or laws had been made or enacted. Any sale, whether under any power of sale hereby given or by virtue of judicial proceedings, shall operate to divest all right, title, interest, claim and demand whatsoever, either at law or in equity, of each Loan Party in and to the Property sold, and shall be a perpetual bar, both at law and in equity, against each Loan Party, its successors and assigns, and against any and all Persons claiming the Property sold or any part thereof under, by or through such Loan Party, its successors or assigns.

9.4 Power of Attorney in Respect of the Collateral. Borrower does hereby irrevocably appoint Collateral Agent, on behalf of Lender (which appointment is coupled with an interest) the true and lawful attorney in fact of Borrower, with full power of substitution and in its name to file any notices of security interests, financing statements and continuations and amendments thereof pursuant to the Code or federal law, as may be necessary to perfect or to continue the perfection of Collateral Agent's and Lender's security interests in the Collateral. Borrower does hereby irrevocably appoint Collateral Agent, on behalf of Lender (which appointment is coupled with an interest) on the occurrence of an Event of Default that has not been waived by Lender, the true and lawful attorney in fact of Borrower, with full power of substitution and in its name: (a) to ask, demand, collect, receive, receipt for, sue for, compound and give acquittance for any and all rents, issues, profits, avails, distributions, income, payment draws and other sums in which a security interest is granted under Section 4 with full power to settle, adjust or compromise any claim thereunder as fully as if Collateral Agent or Lender were Borrower itself; (b) to receive payment of and to endorse the name of Borrower to any items of Collateral (including checks, drafts and other orders for the payment of money) that come into Collateral Agent's or Lender's possession or under Collateral Agent's or Lender's control; (c) to make all demands, consents and waivers, or take any other action with respect to, the Collateral; (d) in Collateral Agent's or Lender's discretion to file any claim or take any other action or proceedings, either in its own name or in the name of Borrower or otherwise, which Collateral Agent or Lender

may reasonably deem necessary or appropriate to protect and preserve the right, title and interest of Collateral Agent and Lender in and to the Collateral; (e) endorse Borrower's name on any checks or other forms of payment or security; (f) sign Borrower's name on any invoice or bill of lading for any account or drafts against account debtors; (g) make, settle, and adjust all claims under Borrower's insurance policies; (h) settle and adjust disputes and claims about the accounts directly with account debtors, for amounts and on terms Collateral Agent or Lender determines reasonable; (i) transfer the Collateral into the name of Collateral Agent, Lender or a third party as the Code permits; and (j) to otherwise act with respect thereto as though Collateral Agent or Lender were the outright owner of the Collateral.

9.5 Lender's Expenses. If any Loan Party fails to pay any amounts or furnish any required proof of payment due to third persons or entities, as required under the terms of this Agreement, then Collateral Agent or Lender may do any or all of the following: (a) make payment of the same or any part thereof; or (b) obtain and maintain insurance policies of the type discussed in Section 6.8 of this Agreement, and take any action with respect to such policies as Collateral Agent or Lender deems prudent. Any amounts paid or deposited by Collateral Agent or Lender shall constitute Lender's Expenses, shall be immediately due and payable, shall bear interest at the Default Rate and shall be secured by the Collateral. Any payments made by Collateral Agent or Lender shall not constitute an agreement by Collateral Agent or Lender to make similar payments in the future or a waiver by Collateral Agent or Lender of any Event of Default under this Agreement. Loan Parties shall pay all reasonable fees and expenses, including Lender's Expenses, incurred by Collateral Agent or Lender in the enforcement or attempt to enforce any of the Obligations hereunder not performed when due.

9.6 Remedies Cumulative; Independent Nature of Lender's Rights. Collateral Agent's and Lender's rights and remedies under this Agreement, the Loan Documents, and all other agreements shall be cumulative. Collateral Agent and Lender shall have all other rights and remedies not inconsistent herewith as provided under the Code, by law, or in equity. No failure on the part of Collateral Agent or Lender to exercise, and no delay in exercising, any right or remedy hereunder shall operate as a waiver thereof; nor shall any single or partial exercise of any such right or remedy preclude any other or further exercise thereof or the exercise of any other right. The Obligations (other than contingent indemnification obligations not then due and owing) of each Loan Party to Lender or Collateral Agent may be enforced by Lender or Collateral Agent against any Loan Party in accordance with the terms of this Agreement and the other Loan Documents and, to the fullest extent permitted by applicable law, it shall not be necessary for Collateral Agent or Lender, as applicable, to be joined as an additional party in any proceeding to enforce such Obligations (other than contingent indemnification obligations not then due and owing).

9.7 Application of Collateral Proceeds. The proceeds and/or avails of the Collateral, or any part thereof, and the proceeds and the avails of any remedy hereunder (as well as any other amounts of any kind held by Collateral Agent or Lender, at the time of or received by Collateral Agent or Lender after the occurrence of an Event of Default hereunder that has not been waived by Lender) shall be paid to and applied as follows:

(a) First, to the payment of out-of-pocket costs and expenses, including all amounts expended to preserve the value of the Collateral, of foreclosure or suit, if any, and of such sale and the exercise of any other rights or remedies, and of all proper fees, expenses, liability and advances, including reasonable legal expenses and attorneys' fees, incurred or made hereunder by Collateral Agent or Lender, including Lender's Expenses;

(b) Second, to the payment to Lender of the amount then owing or unpaid on the Loans for any accrued and unpaid interest, the amounts which would have otherwise come due under Section 2.3(b)(ii), if the Loans had been voluntarily prepaid, the principal balance of the Loans, and all other Obligations (other than contingent indemnification obligations not then due and owing) with respect to the Loans (*provided*, however, if such proceeds shall be insufficient to pay in full the whole amount so due, owing or unpaid upon the Loans, then *first*, to the unpaid interest thereon ratably, *second*, to the amounts which would have otherwise come due under Section 2.3(b)(ii) ratably, if the Loans had been voluntarily prepaid, *third*, to the principal balance of the Loans ratably, and *fourth*, to the ratable payment of other amounts then payable to Lender under any of the Loan Documents); and

(c) Third, to the payment of the surplus, if any, to the Loan Parties, their successors and assigns or to the Person lawfully entitled to receive the same.

9.8 Reinstatement of Rights. If Collateral Agent or Lender shall have proceeded to enforce any right under this Agreement or any other Loan Document by foreclosure, sale, entry or otherwise, and such proceedings shall have been discontinued or abandoned for any reason or shall have been determined adversely, then and in every such case (unless otherwise ordered by a court of competent jurisdiction), Collateral Agent and Lender shall be restored to their former position and rights hereunder with respect to the Property subject to the security interest created under this Agreement.

10. Waivers; Indemnification.

10.1 Demand; Protest. Each Loan Party waives demand, protest, notice of protest, notice of default or dishonor, notice of payment and nonpayment, notice of any default, nonpayment at maturity, release, compromise, settlement, extension, or renewal of accounts, documents, instruments, chattel paper, and guarantees at any time held by Collateral Agent or Lender on which any Loan Party may in any way be liable.

10.2 Lender's Liability for Collateral. So long as Collateral Agent and Lender comply with their obligations, if any, under the Code, neither Collateral Agent nor Lender shall in any way or manner be liable or responsible for: (a) the safekeeping of the Collateral; (b) any loss or damage thereto occurring or arising in any manner or fashion from any cause other than Collateral Agent's or Lender's gross negligence or willful misconduct; (c) any diminution in the value thereof; or (d) any act or default of any carrier, warehouseman, bailee, forwarding agency, or other Person whomsoever. All risk of loss, damage or destruction of the Collateral shall be borne by Loan Parties.

10.3 Indemnification and Waiver. Whether or not the transactions contemplated hereby shall be consummated:

(a) General Indemnity. Subject to the terms and limitations contained herein, each Loan Party agrees upon demand to pay or reimburse Collateral Agent and Lender for all reasonable and documented liabilities, obligations and out-of-pocket expenses, including Lender's Expenses and reasonable and documented fees and expenses of counsel for Collateral Agent and Lender from time to time arising in connection with the enforcement or collection of sums due under the Loan Documents, and in connection with any amendment or modification of the Loan Documents or any "work-out" in connection with the Loan Documents. Each Loan Party shall indemnify, reimburse and hold Collateral Agent, Lender, and each of their respective successors, assigns, agents, attorneys, officers, directors, equity holders, servants, agents and employees (each an "Indemnified Person") harmless from and against all liabilities, losses, damages, actions, suits, demands, claims of any kind and nature (including claims relating to environmental discharge, cleanup or compliance), all reasonable and documented costs and expenses whatsoever to the extent they may be incurred or suffered by such Indemnified Person in connection therewith (including reasonable attorneys' fees and expenses), fines, penalties (and other charges of any applicable Governmental Authority), licensing fees relating to any item of Collateral, damage to or loss of use of property (including consequential or special damages to third parties or damages to any Loan Party's property), or bodily injury to or death of any person (including any agent or employee of any Loan Party) (each, a "Claim"), directly or indirectly relating to or arising out of the use of the proceeds of the Loans or otherwise, the falsity of any representation or warranty of any Loan Party or any Loan Party's failure to comply with the terms of this Agreement or any other Loan Document. The foregoing indemnity shall cover, without limitation, (i) any Claim in connection with a design or other defect (latent or patent) in any item of equipment or product included in the Collateral, (ii) any Claim for infringement of any patent, copyright, trademark or other intellectual property right, (iii) any Claim resulting from the presence on or under or the escape, seepage, leakage, spillage, discharge, emission or release of any Hazardous Materials on the premises owned, occupied or leased by any Loan Party, including any Claims asserted or arising under any Environmental Law, (iv) any Claim for negligence or strict or absolute liability in tort or (v) any Claim asserted as to or arising under any Account Control Agreement or any Landlord Agreement; *provided*, however, no Loan Party shall be required to indemnify any Indemnified Person for any liability incurred by such Indemnified Person as a result of such Indemnified Person's bad faith, gross negligence or willful misconduct. Such indemnities shall continue in full force and effect, notwithstanding the expiration or termination of this Agreement. Upon Collateral Agent's or Lender's written demand, Borrower shall assume and diligently conduct, at their sole cost and expense, the entire defense of Collateral Agent and Lender, each of their members, partners, and each of their respective, agents, employees, directors, officers, equity holders, successors and assigns against any indemnified Claim described in this Section 10.3(a). No Loan Party shall settle or compromise any Claim against or involving Collateral Agent or Lender without first obtaining Collateral Agent's or Lender's written consent thereto, which consent shall not be unreasonably withheld.

(b) Waiver. NOTWITHSTANDING ANYTHING TO THE CONTRARY CONTAINED IN THIS AGREEMENT OR ANYWHERE ELSE, EACH PARTY HERETO AGREES THAT IT SHALL NOT SEEK FROM ANY OTHER PARTY HERETO UNDER ANY THEORY OF LIABILITY (INCLUDING ANY THEORY IN TORTS), ANY SPECIAL, INDIRECT, CONSEQUENTIAL OR PUNITIVE DAMAGES.

(c) Survival; Defense. The obligations in this Section 10.3 shall survive payment of all other Obligations (other than contingent indemnification obligations not then due and owing) pursuant to Section 12.8. At the election of any Indemnified Person in its reasonable discretion, Borrower shall defend such Indemnified Person using legal counsel reasonably satisfactory to such Indemnified Person in such Person's reasonable discretion, at the sole cost and expense of Borrower. All amounts owing under this Section 10.3 shall be paid within thirty (30) days after written demand.

11. Notices. Unless otherwise provided in this Agreement, all notices or demands by any party relating to this Agreement or any other agreement entered into in connection herewith shall be in writing and (except for financial statements and other informational documents which may be sent by first-class mail, postage prepaid) shall be personally delivered or sent by certified mail, postage prepaid, return receipt requested, by prepaid nationally recognized overnight courier, or by prepaid facsimile to Borrower or to Lender, as the case may be, at their respective addresses set forth below:

If to Borrower:	F-Star Therapeutics, Inc. 245 First St., Riverview II, 18th Floor Cambridge, MA 02142
With a copy, not constituting notice, to:	Mintz, Levin, Cohn, Ferris, Glovsky and Popeo, P.C. Chrysler Center 666 Third Avenue New York, NY 10017 Attn: Joseph Price Email: JWPrice@mintz.com
If to Horizon:	Horizon Technology Finance Corporation 312 Farmington Avenue Farmington, CT 06032 Attention: Legal Department Fax: (860) 676-8655 Ph: (860) 676-8654

The parties hereto may change the address at which they are to receive notices hereunder, by notice in writing in the foregoing manner given to the other.

12. General Provisions.

12.1 Successors and Assigns; Register. This Agreement and the Loan Documents shall bind and inure to the benefit of the respective successors and permitted assigns of each of the parties; *provided*, however, unless otherwise permitted hereunder, neither this Agreement nor any rights hereunder may be assigned by any Loan Party without Lender's prior written consent, which consent may be granted or withheld in Lender's sole discretion. Lender shall have the right, without the consent of any Loan Party but upon notifying the Loan Parties, to sell, transfer, assign, negotiate, or grant participations in all or any part of, or any interest in Lender's rights and benefits hereunder. Collateral Agent and Lender may disclose the Loan Documents and any other financial or other information relating to any Loan Party to any potential participant or assignee of any of the Loans; *provided* that such participant or assignee agrees to protect the confidentiality of such documents and information using the same measures that it uses to protect its own confidential

information. Lender (acting for these purposes as a non-fiduciary agent of Borrower) shall maintain a register (the "Register") on which Lender will record the name and address of each Lender and participant and the principal amounts (and stated interest) of each Lender or participant's interest in the Loans or other obligations under the Loan Documents. No such sale, assignment or other transfer shall be effective until recorded on the Register. At the assigning Lender's option, concurrently with the delivery of a written agreement pursuant to which an interest of such Lender in the Loan was assigned to such assignee, the assigning Lender shall surrender its Note evidencing the portion of the Loan corresponding to the interest so transferred and Borrower shall deliver one or more new promissory notes in substantially the same form as the Note and the same aggregate principal amount issued to the assigning Lender and/or the assignee. The Loan, the Notes and any other obligations issued under the Loan Documents are intended to be treated as issued and maintained in "registered form" within the meaning of Section 5f.103-1(c) of the United States Treasury Regulations and the provisions of this Agreement shall be construed in a manner that is most consistent with such intent.

12.2 Time of Essence. Time is of the essence for the performance of all obligations set forth in this Agreement.

12.3 Severability of Provisions. Each provision of this Agreement shall be severable from every other provision of this Agreement for the purpose of determining the legal enforceability of any specific provision.

12.4 Entire Agreement; Construction; Amendments and Waivers.

(a) Entire Agreement. This Agreement and each of the other Loan Documents, taken together, constitute and contain the entire agreement among each Loan Party, Collateral Agent and Lender and supersede any and all prior agreements, negotiations, correspondence, understandings and communications between the parties, whether written or oral, respecting the subject matter hereof. Each Loan Party acknowledges that it is not relying on any representation or agreement made by Collateral Agent, Lender or any employee, attorney or agent thereof, other than the specific agreements set forth in this Agreement and the Loan Documents.

(b) Construction. This Agreement is the result of negotiations between and has been reviewed by each Loan Party, Collateral Agent and Lender as of the date hereof and their respective counsel; accordingly, this Agreement shall be deemed to be the product of the parties hereto, and no ambiguity shall be construed in favor of or against any Loan Party, Collateral Agent or Lender. Each Loan Party, Collateral Agent and Lender agree that they intend the literal words of this Agreement and the other Loan Documents and that no parol evidence shall be necessary or appropriate to establish any Loan Party's, Collateral Agent's or Lender's actual intentions.

(c) Amendments and Waivers. Any and all discharges or waivers of, or consents to any departures from any provision of this Agreement or of any of the other Loan Documents shall not be effective without the written consent of Lender and each Loan Party; *provided* that no such discharge, waiver or consent affecting the rights or duties of the Collateral Agent under this Agreement or any other Loan Document shall be effective without the written consent of the Collateral Agent and each Loan Party. Any and all amendments and modifications of this Agreement or of any of the other Loan Documents shall not be effective without the written

consent of Lender and each Loan Party; *provided* that no such amendment or modification affecting the rights or duties of the Collateral Agent under this Agreement or any other Loan Document shall be effective without the written consent of the Collateral Agent and each Loan Party. Any waiver or consent with respect to any provision of the Loan Documents shall be effective only in the specific instance and for the specific purpose for which it was given. No notice to or demand on any Loan Party in any case shall entitle any Loan Party to any other or further notice or demand in similar or other circumstances. Any amendment, modification, waiver or consent affected in accordance with this Section 12.4 shall be binding upon Collateral Agent, Lender and on each Loan Party.

12.5 Reliance by Lender. All covenants, agreements, representations and warranties made herein by any Loan Party shall be deemed to be material to and to have been relied upon by Collateral Agent and Lender, notwithstanding any investigation by Collateral Agent or Lender.

12.6 No Set-Offs by any Loan Party. All sums payable by any Loan Party pursuant to this Agreement or any of the other Loan Documents shall be payable without notice or demand and shall be payable in United States Dollars without set-off or reduction of any manner whatsoever.

12.7 Counterparts. This Agreement may be executed in any number of counterparts and by different parties on separate counterparts (including signatures delivered by facsimile or other electronic means), each of which, when executed and delivered, shall be deemed to be an original, and all of which, when taken together, shall constitute but one and the same Agreement.

12.8 Survival. All covenants, representations and warranties made in this Agreement shall continue in full force and effect so long as any Obligations (other than contingent indemnification obligations not then due and owing) or commitment to fund remain outstanding. The obligations of each Loan Party to indemnify Collateral Agent and Lender with respect to the expenses, damages, losses, costs and liabilities described in Section 10.3 shall survive until all applicable statute of limitations periods with respect to actions that may be brought against Collateral Agent or Lender have run.

13. Relationship of Parties. Each Loan Party and Lender acknowledges, understands and agrees that the relationship between each Loan Party, on the one hand, and Lender, on the other, is, and at all times shall remain solely that of a borrower or guarantor, as applicable, and lender. Lender shall not, under any circumstances, be construed to be a partner or a joint venturer of any Loan Party or any of its Affiliates; nor shall Lender, under any circumstances, be deemed to be in a relationship of confidence or trust or a fiduciary relationship with any Loan Party or any of its Affiliates, or to owe any fiduciary duty or any other duty to any Loan Party or any of its Affiliates. Neither Collateral Agent nor Lender undertakes or assumes any responsibility or duty to any Loan Party or any of its Affiliates to select, review, inspect, supervise, pass judgment upon or otherwise inform any Loan Party or any of its Affiliates of any matter in connection with its or their Property, any Collateral held by Collateral Agent or Lender or the operations of any Loan Party or any of its Affiliates. Each Loan Party and each of its Affiliates shall rely entirely on their own judgment with respect to such matters, and any review, inspection, supervision, exercise of judgment or supply of information undertaken or assumed by Collateral Agent or Lender in connection with such matters is solely for the protection of Collateral Agent and Lender and no Loan Party nor any Affiliate is entitled to rely thereon.

14. Confidentiality. All information (other than periodic reports filed by any Loan Party with the Securities and Exchange Commission or similar governmental body pursuant to local requirements) disclosed by any Loan Party to Collateral Agent or Lender in writing or through inspection pursuant to this Agreement that is marked confidential shall be considered confidential. Collateral Agent and Lender agree to use the same degree of care to safeguard and prevent disclosure of such confidential information as Collateral Agent and Lender each uses with its own confidential information, but in any event no less than a reasonable degree of care. Neither Collateral Agent nor Lender shall disclose such information to any third party (other than (a) to another party hereto, (b) to Collateral Agent's or Lender's members, partners, attorneys, governmental regulators (including any self-regulatory authority) or auditors, (c) to Collateral Agent's or Lender's subsidiaries and affiliates, (d) on a confidential basis, to any rating agency, (e) to prospective transferees and purchasers of the Loans or any actual or prospective party (or its Affiliates) to any swap, derivative or other transaction under which payments are to be made by reference to the Obligations (other than contingent indemnification obligations not then due and owing), any Loan Party, any Loan Document or any payment thereunder, all subject to the same confidentiality obligation set forth herein or (f) as required by law, regulation, subpoena or other order to be disclosed) and shall use such information only for purposes of evaluation of its investment in a Loan Party and the exercise of Collateral Agent's or Lender's rights and the enforcement of its remedies under this Agreement and the other Loan Documents. The obligations of confidentiality shall not apply to any information that (i) was known to the public prior to disclosure by any Loan Party under this Agreement, (ii) becomes known to the public through no fault of Collateral Agent or Lender, (iii) is disclosed to Collateral Agent or Lender on a non-confidential basis by a third party or (iv) is independently developed by Collateral Agent or Lender. Notwithstanding the foregoing, Collateral Agent's and Lender's agreement of confidentiality shall not apply if Collateral Agent or Lender has acquired indefeasible title to any Collateral or in connection with any enforcement or exercise of Collateral Agent's or Lender's rights and remedies under this Agreement following an Event of Default, including the enforcement of Collateral Agent's and Lender's security interest in the Collateral.

15. CHOICE OF LAW AND VENUE; JURY TRIAL WAIVER. THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED AND ENFORCED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF CONNECTICUT. EACH LOAN PARTY, COLLATERAL AGENT AND LENDER HEREBY SUBMITS TO THE NON-EXCLUSIVE JURISDICTION OF THE STATE AND FEDERAL COURTS LOCATED IN THE STATE OF CONNECTICUT. EACH LOAN PARTY, COLLATERAL AGENT AND LENDER HEREBY WAIVES ITS RESPECTIVE RIGHTS TO A JURY TRIAL OF ANY CLAIM OR CAUSE OF ACTION BASED UPON OR ARISING OUT OF ANY OF THE LOAN DOCUMENTS OR ANY OF THE TRANSACTIONS CONTEMPLATED THEREIN, INCLUDING CONTRACT CLAIMS, TORT CLAIMS, BREACH OF DUTY CLAIMS, AND ALL OTHER COMMON LAW OR STATUTORY CLAIMS.

16. Cross-Guaranty of Loan Parties.

16.1 Cross-Guaranty. Each Loan Party hereby agrees that such Loan Party is jointly and severally liable for, and hereby absolutely and unconditionally guarantees to Lender and its successors and assigns, the full and prompt payment (whether at stated maturity, by acceleration or otherwise) and performance of, all Obligations (other than contingent indemnification obligations not then due and owing) owed or hereafter owing to Lender by each other Loan Party. Each Loan Party agrees that its guaranty obligation hereunder is a continuing guaranty of payment and performance and not of collection, that its obligations under this Section 16 shall not be discharged until payment and performance, in full, of the Obligations (other than contingent indemnification obligations not then due and owing) has occurred, and that its obligations under this Section 16 shall be absolute and unconditional, irrespective of, and unaffected by:

(a) the genuineness, validity, regularity, enforceability or any future amendment of, or change in, this Agreement, any other Loan Document or any other agreement, document or instrument to which any Loan Party is or may become a party;

(b) the absence of any action to enforce this Agreement (including this Section 16) or any other Loan Document, or the waiver or consent by Lender with respect to any of the provisions hereof or thereof;

(c) the existence, value or condition of, or failure to perfect its Lien against, any security for the Obligations (other than contingent indemnification obligations not then due and owing) or any action, or the absence of any action, by Lender in respect thereof (including the release of any such security);

(d) the insolvency of any Loan Party or any other Person; or

(e) any other action or circumstances that might otherwise constitute a legal or equitable discharge or defense of a surety or guarantor.

Each Loan Party shall be regarded, and shall be in the same position, as principal debtor with respect to the Obligations (other than contingent indemnification obligations not then due and owing) guaranteed hereunder.

16.2 Waivers by Loan Parties. Each Loan Party expressly waives all rights it may have now or in the future under any statute, at common law, at law, in equity or otherwise, to compel Lender to marshal assets or to proceed in respect of the Obligations (other than contingent indemnification obligations not then due and owing) guaranteed hereunder against any other Loan Party, any other party or against any security for the payment and performance of the Obligations (other than contingent indemnification obligations not then due and owing) before proceeding against, or as a condition to proceeding against, such Loan Party. Each Loan Party and the Lender agrees that the foregoing waivers are of the essence of the transaction contemplated by this Agreement and the other Loan Documents and that, but for the provisions of this Section 16 and such waivers, Lender would decline to enter into this Agreement.

16.3 Benefit of Guaranty. Each Loan Party agrees that the provisions of this Section 16 are for the benefit of Lender and its successors, transferees, endorsees and assigns, and nothing herein contained shall impair, as between any other Loan Party and the Lender, the obligations of such other Loan Party under the Loan Documents.

16.4 Waiver of Subrogation, Etc. Notwithstanding anything to the contrary in this Agreement or in any other Loan Document, and except as set forth in Section 16.7, each Loan Party hereby expressly and irrevocably waives any and all rights at law or in equity to subrogation, reimbursement, exoneration, contribution, indemnification or set off and any and all defenses available to a surety, guarantor or accommodation co-obligor until the Obligations (other than contingent indemnification obligations not then due and owing) are indefeasibly paid in full in cash. Each Loan Party acknowledges and agrees that this waiver is intended to benefit Lender and shall not limit or otherwise affect such Loan Party's liability hereunder or the enforceability of this Section 16, and that Lender and its successors and assigns are intended third party beneficiaries of the waivers and agreements set forth in this Section 16.

16.5 Election of Remedies. If Lender may, under applicable law, proceed to realize its benefits under any of the Loan Documents giving Lender a Lien upon any Collateral, whether owned by any Loan Party or by any other Person, either by judicial foreclosure or by non-judicial sale or enforcement, Lender may, at its sole option, determine which of its remedies or rights it may pursue without affecting any of its rights and remedies under this Section 16. If, in the exercise of any of its rights and remedies, Lender shall forfeit any of its rights or remedies (including, without limitation, its right to enter a deficiency judgment against any Loan Party or any other Person), whether because of any applicable laws pertaining to "election of remedies" or the like, each Loan Party hereby consents to such action by Lender and waives any claim based upon such action, even if such action by Lender shall result in a full or partial loss of any rights of subrogation that each Loan Party might otherwise have had but for such action by Lender. Any election of remedies that results in the denial or impairment of the right of Lender to seek a deficiency judgment against any Loan Party shall not impair any other Loan Party's obligation to pay the full amount of the Obligations (other than contingent indemnification obligations not then due and owing). In the event Lender shall bid at any foreclosure or trustee's sale or at any private sale permitted by law or the Loan Documents, Lender may bid all or less than the amount of the Obligations (other than contingent indemnification obligations not then due and owing) and the amount of such bid need not be paid by Lender but shall be credited against the Obligations (other than contingent indemnification obligations not then due and owing). The amount of the successful bid at any such sale, whether a Lender or any other party is the successful bidder, shall be conclusively deemed to be the fair market value of the Collateral and the difference between such bid amount and the remaining balance of the Obligations (other than contingent indemnification obligations not then due and owing) shall be conclusively deemed to be the amount of the Obligations (other than contingent indemnification obligations not then due and owing) guaranteed under this Section 16, notwithstanding that any present or future law or court decision or ruling may have the effect of reducing the amount of any deficiency claim to which Lender might otherwise be entitled but for such bidding at any such sale.

16.6 Limitation. Notwithstanding any provision herein contained to the contrary, each Loan Party's liability under this Section 16 (which liability is in any event in addition to amounts for which such Loan Party is primarily liable under this Agreement) shall be limited to an amount not to exceed as of any date of determination the lesser of:

(a) the net amount of all Loans advanced to any other Loan Party under this Agreement and then re-loaned or otherwise transferred to, or for the benefit of, such Loan Party; and

(b) the amount that could be claimed by Lender from such Loan Party under this Section 16 without rendering such claim voidable or avoidable under Section 548 of the Bankruptcy Code or under any applicable state Uniform Fraudulent Transfer Act, Uniform Fraudulent Conveyance Act or similar statute or common law after taking into account, among other things, such Loan Party's right of contribution and indemnification from each other Loan Party under Section 16.7.

16.7 Contribution with Respect to Guaranty Obligations.

(a) To the extent that any Loan Party shall make a payment under this Section 16 of all or any of the Obligations (other than Loans made to such Loan Party for which it is primarily liable and other than contingent indemnification obligations not then due and owing) (a "Guarantor Payment") that, taking into account all other Guarantor Payments then previously or concurrently made by any other Loan Party, exceeds the amount that such Loan Party would otherwise have paid if each Loan Party had paid the aggregate Obligations (other than contingent indemnification obligations not then due and owing) satisfied by such Guarantor Payment in the same proportion that such Loan Party's "Allocable Amount" (as defined below) (as determined immediately prior to such Guarantor Payment) bore to the aggregate Allocable Amounts of each of the Loan Parties as determined immediately prior to the making of such Guarantor Payment, then, following indefeasible payment in full in cash of the Obligations (other than contingent indemnification obligations not then due and owing) and termination of the commitments to lend hereunder, such Loan Party shall be entitled to receive contribution and indemnification payments from, and be reimbursed by, each other Loan Party for the amount of such excess, pro rata based upon their respective Allocable Amounts in effect immediately prior to such Guarantor Payment.

(b) As of any date of determination, the "Allocable Amount" of any Loan Party shall be equal to the maximum amount of the claim that could then be recovered from such Loan Party under this Section 16 without rendering such claim voidable or avoidable under Section 548 of the Bankruptcy Code or under any applicable state Uniform Fraudulent Transfer Act, Uniform Fraudulent Conveyance Act or similar statute or common law.

(c) This Section 16.7 is intended only to define the relative rights of Loan Parties and nothing set forth in this Section 16.7 is intended to or shall impair the obligations of Loan Parties, jointly and severally, to pay any amounts as and when the same shall become due and payable in accordance with the terms of this Agreement. Nothing contained in this Section 16.7 shall limit the liability of any Loan Party to pay the Loans made directly or indirectly to such Loan Party and accrued interest, fees and expenses with respect thereto for which such Loan Party shall be primarily liable.

(d) The parties hereto acknowledge that the rights of contribution and indemnification hereunder shall constitute assets of the Loan Party to which such contribution and indemnification is owing.

(e) The rights of the indemnifying Loan Party against other Loan Parties under this Section 16 shall be exercisable upon the full and indefeasible payment of the Obligations (other than contingent indemnification obligations not then due and owing) and the termination of the commitments to lend hereunder.

16.8 Liability Cumulative. The liability of Loan Parties under this Section 16 is in addition to and shall be cumulative with all liabilities of each Loan Party to the Lender under this Agreement and the other Loan Documents to which such Loan Party is a party or in respect of any Obligations (other than contingent indemnification obligations not then due and owing) or obligation of the other Loan Party, without any limitation as to amount, unless the instrument or agreement evidencing or creating such other liability specifically provides to the contrary.

[Remainder of page intentionally left blank.]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed as of the date first above written.

BORROWER:
F-STAR THERAPEUTICS, INC.

By: _____
Name:
Title:

GUARANTOR:
F-STAR THERAPEUTICS LIMITED executed by _____, a director, by way of DEED in the presence of a witness

By: _____

Witness: _____

Witness Name: _____

Witness Address: _____

LENDER and COLLATERAL AGENT:
HORIZON TECHNOLOGY FINANCE CORPORATION

By: _____
Name: Robert D. Pomeroy, Jr.
Title: Chief Executive Officer

LIST OF EXHIBITS AND SCHEDULES

EXHIBIT A

DISCLOSURE SCHEDULE

[Provided separately – to be inserted upon completion]

EXHIBIT B

FUNDING CERTIFICATE

The undersigned, being the duly elected and acting _____ of F-STAR THERAPEUTICS, INC., a Delaware corporation ("Borrower"), does hereby certify, solely in my capacity as an officer of Borrower and not in an individual capacity, to HORIZON TECHNOLOGY FINANCE CORPORATION ("Horizon" or "Lender") in connection with that certain Venture Loan and Security Agreement dated as of [_], 202[_] by and among Borrower, the other Loan Parties thereto, Lender and Horizon as Collateral Agent (the "Loan Agreement"; with other capitalized terms used below having the meanings ascribed thereto in the Loan Agreement) that:

1. The representations and warranties made by each Loan Party in Section 5 of the Loan Agreement and in the other Loan Documents are true and correct as of the date hereof.

2. No event or condition has occurred that would constitute a Default or an Event of Default under the Loan Agreement or any other Loan Document.

3. Each Loan Party is in compliance with the covenants and requirements contained in Sections 4, 6 and 7 of the Loan Agreement.

4. All conditions referred to in Section 3 of the Loan Agreement to the making of the Loan to be made on or about the date hereof have been satisfied.

5. No material adverse change in the management, results of operations, or financial condition Loan Parties' business, in the aggregate, or a material impairment of the value or priority of Collateral Agent's and Lender's security interest in the Collateral.

6. The proceeds for Loan A and Loan B shall be disbursed as follows:

Disbursement from Horizon:	
Loan Amount	$
Less:	
Legal Fees	$
Balance of Commitment Fee	$
Net Proceeds due from Horizon:	$

7. The aggregate net proceeds of Loans A and B in the amount of $_____ shall be transferred by Lender to Borrower's account as follows:

Account Name:
Bank Name:
Bank Address:
Attention:
Telephone:
Account Number:
ABA Number:

Dated: [_], 2021

BORROWER:

F-STAR THERAPEUTICS, INC.

By: _____

Name: _____

Title: _____

[Signature page to Funding Certificate]

EXHIBIT C

SECURED PROMISSORY NOTE

(Loan [A/B/C/D])

$_____ Dated: [_____, 20__]

FOR VALUE RECEIVED, the undersigned, F-STAR THERAPEUTICS, INC., a [Delaware] corporation ("Borrower") HEREBY PROMISES TO PAY to HORIZON TECHNOLOGY FINANCE CORPORATION, a Delaware corporation ("Lender") the principal amount of _____ Dollars ($_____) or such lesser amount as shall equal the outstanding principal balance of Loan [_] (the "Loan") made to Borrower by Lender pursuant to the Loan Agreement (as defined below), and to pay all other amounts due with respect to the Loan on the dates and in the amounts set forth in the Loan Agreement. Capitalized terms used but not defined herein shall have the meaning ascribed thereto in the Loan Agreement.

Interest on the principal amount of this Note from the date of this Note shall accrue at the Loan Rate or, if applicable, the Default Rate, each as established in accordance with the Loan Agreement (as defined below). Interest shall be computed on the basis of a 360-day year for the actual number of days elapsed. If the Funding Date is not the first day of the month, interim interest accruing from the Funding Date through the last day of that month shall be paid on the first calendar day of the next calendar month. Commencing [_], 202[_], through and including [_], 202[_], on the first day of each month (each an "Initial Interest Payment Date") Borrower shall make payments of accrued interest only on the outstanding principal amount of the Loan. Commencing on [_], 202[_], and continuing on the first day of each month thereafter (each an "Initial Principal and Interest Payment Date"), Borrower shall make to Lender twenty-four (24) equal payments of principal in the amount of [_____] plus accrued interest on the then outstanding principal amount due hereunder. On the earliest to occur of (i) [_], 202[_], (ii) payment in full of the principal balance of the Loan or (iii) an Event of Default and demand by Lender of payment in full of the Loan, Borrower shall make a payment of [_____] and 00/100 Dollars ($[_____]) to Lender (the "Final Payment"). If not sooner paid, all outstanding amounts hereunder and under the Loan Agreement shall become due and payable on [_], 202[_].

Principal, interest and all other amounts due with respect to the Loan, are payable in lawful money of the United States of America to Lender as set forth in the Loan Agreement. The principal amount of this Note and the interest rate applicable thereto, and all payments made with respect thereto, shall be recorded by Lender and, prior to any transfer hereof, endorsed on the grid attached hereto which is part of this Note.

This Note is referred to in, and is entitled to the benefits of, the Venture Loan and Security Agreement dated as of [___] (the "Loan Agreement"), among Loan Parties, Lender and Lender as Collateral Agent. The Loan Agreement, among other things, (a) provides for the making of secured Loans to the Borrower, and (b) contains provisions for acceleration of the maturity hereof upon the happening of certain stated events.

This Note may not be prepaid, except as set forth in Section 2.3 of the Loan Agreement.

This Note and the obligation of Borrower to repay the unpaid principal amount of the Loan, interest on the Loan and all other amounts due Lender under the Loan Agreement is secured under the Loan Agreement.

Presentment for payment, demand, notice of protest and all other demands and notices of any kind in connection with the execution, delivery, performance and enforcement of this Note are hereby waived.

Borrower shall pay all fees and expenses, including attorneys' fees and costs, incurred by Lender in the enforcement or attempt to enforce Borrower's obligations hereunder not performed when due, in each case, to the extent required by the Loan Agreement.

Any reference herein to Lender shall be deemed to include and apply to every subsequent holder of this Note. Reference is made to the Loan Agreement for provisions concerning optional and mandatory prepayments, Collateral, acceleration and other material terms affecting this Note.

This Note shall be governed by and construed under the laws of the State of Connecticut. Borrower agrees that any action or proceeding brought to enforce or arising out of this Note may be commenced in the state or federal courts located within the State of Connecticut.

IN WITNESS WHEREOF, Borrower has caused this Note to be duly executed by one of its officers thereunto duly authorized on the date hereof.

BORROWER:
F-STAR THERAPEUTICS, INC.

By: _____
Name:
Title:

[SIGNATURE PAGE TO SECURED PROMISSORY NOTE (LOAN A/B/C/D)]

EXHIBIT D

ITEMS TO BE COVERED BY OPINION OF EACH LOAN PARTY'S COUNSEL

1. Such Loan Party is a corporation, duly organized, validly existing and in good standing under the laws of its jurisdiction of formation, and is duly qualified and authorized to do business in each state or jurisdiction in which it does business.

2. Such Loan Party has the full corporate power, authority and legal right, and has obtained all necessary approvals, consents and given all notices to execute and deliver the Loan Documents and perform the terms thereof.

3. The Loan Documents have been duly authorized, executed and delivered by such Loan Party and constitute valid, legal and binding agreements, and are enforceable in accordance with their terms and that any filings and consents have been recorded or registered.

4. To our knowledge, there is no action, suit, audit, investigation, proceeding or patent claim pending or threatened against such Loan Party in any court or before any governmental commission, agency, board or authority which might have a Material Adverse Effect.

5. The Shares (as defined in the Warrant) issuable pursuant to exercise or conversion of the Warrant have been duly authorized and reserved for issuance by Borrower and, when issued in accordance with the terms thereof, will be validly issued, fully paid and nonassessable.

6. The shares of Common Stock issuable upon conversion of the Shares have been duly authorized and reserved and, when issued in accordance with the terms of Borrower's Certificate of Incorporation, as amended, will be validly issued, fully paid and nonassessable.

7. The execution and delivery of the Loan Documents are not, and the issuance of the Shares upon exercise of the Warrant in accordance with the terms thereof will not be, inconsistent with such Loan Party's Certificate of Incorporation, as amended, or Bylaws, do not and will not contravene any law, governmental rule or regulation, judgment or order applicable to such Loan Party, and do not and will not conflict with or contravene any provision of, or constitute a default under, any indenture, mortgage, contract or other agreement or instrument of which such Loan Party is a party or by which it is bound or require the consent or approval of, the giving of notice to, the registration or filing with or the taking of any action in respect of or by, any federal, state or local government authority or agency or other person, except for the filing of notices pursuant to federal and state securities laws, which filings will be effected by the time required thereby.

EXHIBIT E

FORM OF OFFICER'S CERTIFICATE

TO: HORIZON TECHNOLOGY FINANCE CORPORATION, as Lender

FROM: F-STAR THERAPEUTICS, INC., as Borrower

The undersigned authorized officer ("**Officer**") of F-STAR THERAPEUTICS, INC. on behalf of itself and all other Loan Parties under and as defined in the Loan Agreement (as defined herein below) (individually and collectively, jointly and severally, "**Loan Parties**"), hereby certifies, solely in my capacity as an officer of Borrower and not in an individual capacity, that in accordance with the terms and conditions of the Venture Loan and Security Agreement dated as of [_____] by and among Loan Parties, Collateral Agent, and the Lenders from time to time party thereto (the "**Loan Agreement**;" capitalized terms used but not otherwise defined herein shall have the meanings given them in the Loan Agreement),

(a) Loan Parties are in complete compliance for the period ending _____ with all required covenants except as noted below;

(b) There are no Events of Default, except as noted below;

(c) Except as noted below, all representations and warranties of Loan Parties stated in the Loan Documents are true and correct in all material respects on this date and for the period described in (a), above; provided, however, that such materiality qualifier shall not be applicable to any representations and warranties that already are qualified or modified by materiality in the text thereof; and provided, further that those representations and warranties expressly referring to a specific date shall be true, accurate and complete in all material respects as of such date.

(d) Loan Parties, and each of Loan Parties' Subsidiaries, have timely filed all required tax returns and reports, Loan Party, and each of Loan Parties' Subsidiaries, have timely paid all foreign, federal, state, and local taxes, assessments, deposits and contributions owed by Loan Party, or Subsidiary, in each case, except as otherwise permitted pursuant to the terms of Section 5.8 of the Loan Agreement;

(e) No Liens have been levied or claims made against Borrower or any of its Subsidiaries relating to unpaid employee payroll or benefits of which Borrower has not previously provided written notification to Collateral Agent and the Lenders.

Attached are the required documents, if any, supporting our certification(s). The Officer, on behalf of Borrower, further certifies that the attached financial statements are prepared in accordance with Generally Accepted Accounting Principles (GAAP) and are consistently applied from one period to the next except as explained in an accompanying letter or footnotes and except, in the case of unaudited financial statements, for the absence of footnotes and subject to year-end audit adjustments as to the interim financial statements.

Please indicate compliance status since the last Officer's Certificate by circling Yes, No, or N/A under "Complies" column.

Reporting Covenant		Requirement	Actual	Complies
1)	Financial statements	Quarterly within 45 days		Yes No N/A
2)	Annual (CPA Audited) statements	Within 180 days after FYE		Yes No N/A
3)	Annual Financial Projections/Budget (prepared on a monthly basis)	Annually (within 45 days of the FYE), and when revised		Yes No N/A
4)	A/R & A/P agings	Quarterly within 45 days		Yes No N/A
5)	8-K, 10-K and 10-Q Filings	If applicable, within 5 days of filing		Yes No N/A
6)	Officer's Certificate	Quarterly within 45 days		Yes No N/A
7)	IP Report	When required due to new IP filings		Yes No N/A
8)	Total amount of Borrower's cash and cash equivalents at the last day of the measurement period	$_____		
9)	Total amount of Borrower's Subsidiaries' cash and cash equivalents at the last day of the measurement period	$_____		

Deposit and Securities Accounts: ***(Please list all accounts; attach separate sheet if additional space needed)***

Institution Name	Account Number	New Account?		Account Control Agreement in place?	
1)		Yes	No	Yes	No
2)		Yes	No	Yes	No
3)		Yes	No	Yes	No
4)		Yes	No	Yes	No

Other Matters

If the response to any of the below is "Yes", please provide an explanation of the circumstances giving rise to such "Yes" response on an attachment hereto.

1)	Have there been any changes in senior management since the last Officer's Certificate?	Yes	No
2)	Has there been any transfers/sales/disposals/retirement or relocation of Collateral or IP prohibited by the Loan Agreement?	Yes	No
3)	Have there been any new or pending claims or causes of action against Borrower that involve more than Fifty Thousand Dollars ($50,000.00)?	Yes	No
4)	Has any IP been abandoned, forfeited or dedicated to the public since the last Officer's Certificate?	Yes	No
5)	Has any Default or Event of Default occurred since the last Officer's Certificate?	Yes	No
6)	Has any direct or indirect Subsidiary been formed since the last Officer's Certificate?	Yes	No
7)	Has any piece of a Loan Party's property been subject to a Lien (other than the lien of Lender pursuant to the Loan Agreement) since the date of the last Officer's Certificate?	Yes	No
8)	Has any Loan Party or any Subsidiary incurred any Indebtedness since the date of the last Officer's Certificate?	Yes	No
9)	Has Loan Party or any Subsidiary made any Investment since the date of the last Officer's Certificate?	Yes	No

Exceptions: Please explain any exceptions with respect to the certification above: (If no exceptions exist, state "No exceptions." Attach separate sheet if additional space needed.)

F-STAR THERAPEUTICS, INC., on behalf of itself and all other Loan Parties

By _____

Name: _____

Title: _____

Date: _____

Exhibit 31.1

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, Eliot R. Forster, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of F-star 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(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) 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: May 17, 2021

By: **

Eliot R. Forster
Chief Executive Officer

Exhibit 31.2

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, Darlene Deptula-Hicks, certify that:

6. I have reviewed this Quarterly Report on Form 10-Q of F-star Therapeutics, Inc.;

7. 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;

8. 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;

9. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

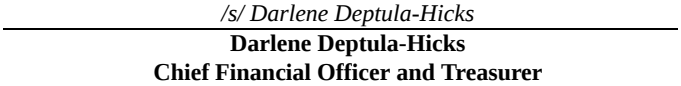
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

10. The registrant's other certifying officer(s) 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: May 17, 2021

By: *  *

Darlene Deptula-Hicks
Chief Financial Officer and Treasurer

Exhibit 32.1

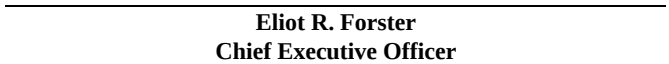
CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of F-star Therapeutics, Inc. (the "Company") on Form 10-Q for the period ending March 31, 2021 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: May 17, 2021

By: *  *

Eliot R. Forster
Chief Executive Officer

Exhibit 32.2

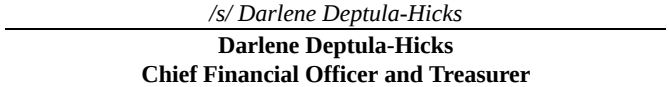
CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of F-star Therapeutics, Inc. (the "Company") on Form 10-Q for the period ending March 31, 2021 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: May 17, 2021

By: *  *

Darlene Deptula-Hicks
Chief Financial Officer and Treasurer