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

FORM 8-K/A
(Amendment No. 1)

CURRENT REPORT
Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
Date of Report (Date of earliest event reported): October 31, 2024

Lyell Immunopharma, Inc.
(Exact name of Registrant as Specified in Its Charter)

Delaware	001-40502	83-1300510
(State or Other Jurisdiction of Incorporation)	(Commission File Number)	(IRS Employer Identification No.)

201 Haskins Way South San Francisco, California	94080
(Address of Principal Executive Offices)	(Zip Code)

Registrant's Telephone Number, Including Area Code: 650 695-0677
(Former Name or Former Address, if Changed Since Last Report)
Not Applicable

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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

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

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

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. ☐

EXPLANATORY NOTE

On October 31, 2024 (the "Closing Date"), Lyell Immunopharma, Inc., a Delaware corporation (the "Company"), announced the closing of the Company's acquisition (the "Acquisition") of ImmPACT Bio USA Inc., a Delaware corporation ("ImmPACT"), pursuant to the Agreement and Plan of Merger, dated as of October 24, 2024, by and among the Company, ImmPACT, Inspire Merger Sub Inc., a Delaware corporation and an indirect, wholly owned subsidiary of the Company, and WT Representative LLC, a Delaware limited liability company, solely in its capacity as the representative, agent and attorney-in-fact of ImmPACT security holders.

On the Closing Date, the Company filed a Current Report on Form 8-K (the "Initial 8-K") to report the closing of the Acquisition on such date. Under Item 9.01 of the Initial 8-K, in reliance on the instructions to such Item, the Company stated that (a) the financial statements of the business acquired required by Item 9.01(a) would be filed by amendment to the Initial 8-K no later than 71 calendar days after the date on which the Initial 8-K was required to be filed, and (b) the pro forma financial information required by Item 9.01(b) would be filed by amendment to the Initial 8-K no later than 71 calendar days after the date on which the Initial 8-K was required to be filed. Accordingly, this Current Report on Form 8-K/A (this "Amendment") amends the Initial 8-K to provide the requisite historical audited and unaudited financial statements of ImmPACT and the requisite pro forma financial information.

Item 9.01 Financial Statements and Exhibits.

(a) Financial Statements of Business Acquired

The audited financial statements of ImmPACT as of and for the fiscal year ended December 31, 2023, including the related notes thereto, are filed herewith as Exhibit 99.1 to this Amendment and are incorporated herein by reference. The consent of Deloitte & Touche LLP, the independent registered public accounting firm of ImmPACT, is filed herewith as Exhibit 23.1 to this Amendment.

The unaudited financial statements of ImmPACT as of and for the nine months ended September 30, 2024, including the related notes thereto, are filed herewith as Exhibit 99.2 to this Amendment and are incorporated herein by reference.

(b) Pro Forma Financial Information

The unaudited pro forma condensed combined balance sheet of the Company as of September 30, 2024, and the unaudited pro forma condensed combined statements of operations of the Company for the nine months ended September 30, 2024 and the fiscal year ended December 31, 2023, including the related notes thereto, giving effect to the Acquisition are filed herewith as Exhibit 99.3 to this Amendment and are incorporated herein by reference. The unaudited pro forma financial information gives effect to the Acquisition on the basis of, and subject to, the assumptions set forth therein in accordance with Article 11 of Regulation S-X.

The unaudited pro forma condensed combined financial information included in this Amendment are presented for illustrative purposes only, contain a variety of adjustments, assumptions and estimates, and are not necessarily indicative of what the combined company's actual financial position or results of operations would have been had the Acquisition been completed during the periods presented therein. The combined company's actual results and financial position may differ materially from the unaudited pro forma condensed combined financial information included in this Amendment.

(d) Exhibits

Exhibit Number	Description of Exhibit
2.1+	Agreement and Plan of Merger, dated as of October 24, 2024, by and among ImmPACT Bio USA Inc., Lyell Immunopharma, Inc., Inspire Merger Sub Inc. and WT Representative LLC, solely in its capacity as the Representative (incorporated by reference to Exhibit 2.1 to the Company's Current Report on Form 8-K filed with the SEC on October 24, 2024).
10.1*	Registration Rights Agreement, dated as of October 31, 2024, by and among Lyell Immunopharma, Inc., each of the Sellers Party thereto and WT Representative LLC, solely in its capacity as the Representative of the Sellers.
23.1	Consent of Deloitte & Touche LLP, independent registered public accounting firm of ImmPACT Bio USA Inc.
99.1	Audited financial statements of ImmPACT Bio USA Inc. as of and for the fiscal year ended December 31, 2023, including the related notes thereto.
99.2	Unaudited financial statements of ImmPACT Bio USA Inc. as of and for the nine months ended September 30, 2024, including the related notes thereto.
99.3	Unaudited pro forma condensed combined balance sheet of Lyell Immunopharma, Inc. as of September 30, 2024, and the unaudited pro forma condensed combined statements of operations of Lyell Immunopharma, Inc. for the nine months ended September 30, 2024 and the fiscal year ended December 31, 2023, including the related notes thereto.
99.4*	Press Release, dated October 31, 2024.
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

* Previously filed with the Initial 8-K.

+ Portions of this exhibit have been omitted pursuant to Item 601(b)(2)(ii) of Regulation S-K.

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.

Lyell Immunopharma, Inc.

Date:	January 10, 2025	By:	/s/ MATTHEW LANG
			Matthew Lang
			Chief Business Officer

Exhibit 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in Registration Statement Nos. 333-277495 and 333-283533 on Form S-3 and Registration Statement Nos. 333-257249, 333-263952, 333-270145 and 333-277494 on Form S-8 of Lyell Immunopharma, Inc. of our report dated May 3, 2024, relating to the financial statements of ImmPACT Bio USA, Inc. appearing in this Current Report on Form 8-K/A dated January 10, 2025.

/s/ Deloitte & Touche LLP

Los Angeles, California
January 10, 2025

IMMPACT BIO USA, INC.
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INDEPENDENT AUDITOR'S REPORT

To the shareholders and the Board of Directors of ImmPACT Bio USA, Inc.

Opinion

We have audited the consolidated financial statements of ImmPACT Bio USA, Inc. and subsidiaries (the "Company"), which comprise the consolidated balance sheet as of December 31, 2023, and the related consolidated statements of operations and comprehensive loss, convertible preferred stock and stockholders' deficit, and cash flows, for the year then ended, and the related notes to the consolidated financial statements (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2023, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Substantial Doubt About the Company's Ability to Continue as a Going Concern

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 1 to the financial statements the Company has sustained recurring operating losses and negative operating cash flows from operations since inception and has stated that substantial doubt exists about the Company's ability to continue as a going concern. Management's evaluation of the events and conditions and management's plans regarding these matters are also described in Note 1. The financial statements do not include any adjustments that might result from the outcome of this uncertainty. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

/s/ Deloitte and Touche LLP

May 3, 2024

IMMPACT BIO USA, INC.

Consolidated Balance Sheets
(in thousands, except share and par value data)

		DECEMBER 31, 2023
Assets		
Current assets:		
Cash and cash equivalents	$	39,911
Short-term investments		1,245
Prepaid expenses and other current assets		1,650
Total current assets		42,806
Property and equipment, net		5,911
Operating lease right-of-use assets, net		7,950
Restricted cash		1,398
Other assets		459
Total assets	$	58,524
Liabilities, Convertible Preferred Stock and Stockholders' Deficit		
Current liabilities:		
Accounts payable	$	1,742
Other current liabilities		9,810
Total current liabilities		11,552
Lease liability		2,074
Total liabilities	$	13,626
Commitments and contingencies (Note 7)		
Convertible preferred stock, $0.0001 par value; 9,561,430 shares authorized as of December 31, 2023; 9,561,430 shares issued and outstanding as of December 31, 2023 (aggregate liquidation value of $169.5 million as of December 31, 2023).	$	143,298
Stockholders' deficit:		
Common stock, $0.0001 par value; 16,728,000 shares authorized; 3,231,325 shares issued and outstanding as of December 31, 2023.		—
Additional paid-in capital		38,396
Accumulated deficit		(136,796)
Total stockholders' deficit		(98,400)
Total liabilities, convertible preferred stock and stockholders' deficit	$	58,524

See accompanying notes to consolidated financial statements.

IMMPACT BIO USA, INC.

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

	YEAR ENDED DECEMBER 31,	
	2023	
Operating expenses:		
Research and development	$	43,980
General and administrative		18,856
Total operating expenses		62,836
Loss from operations		(62,836)
Interest income		2,841
Other income, net		1,091
Net loss	$	(58,904)
Net loss per share, basic and diluted	$	(18.24)
Weighted-average common shares outstanding, basic and diluted		3,228,782
Other comprehensive loss		(1,273)
Comprehensive loss	$	(60,177)

See accompanying notes to consolidated financial statements.

IMMPACT BIO USA, INC.

Consolidated Statements of Convertible Preferred Stock and Stockholders' Deficit
(in thousands, except share data)

	CONVERTIBLE PREFERRED STOCK		COMMON STOCK		ADDITIONAL PAID-IN	ACCUMULATED OTHER COMPREHENSIVE	ACCUMULATED	TOTAL STOCKHOLDERS'
	SHARES	AMOUNT	SHARES	AMOUNT	CAPITAL	INCOME	DEFICIT	DEFICIT
Balance at December 31, 2022	9,561,430	$ 143,298	3,225,697	$ —	$ 24,798	$ 1,273	$ (77,892)	$ (51,821)
Net loss	—	—	—	—	—	—	(58,904)	(58,904)
Vesting of common stock subject to a repurchase feature (Note 10)	—	—	—	—	5,697	—	—	5,697
Issuance of common stock upon exercise of stock options	—	—	5,628	—	1	—	—	1
Stock-based compensation expense	—	—	—	—	7,900	—	—	7,900
Reclassification of cumulative translation adjustment to income upon disposal of assets in a foreign entity	—	—	—	—	—	(1,273)	—	(1,273)
Balance at December 31, 2023	9,561,430	$ 143,298	3,231,325	$ —	$ 38,396	$ —	$ (136,796)	$ (98,400)

See accompanying notes to consolidated financial statements.

IMMPACT BIO USA, INC.

Consolidated Statements of Cash Flows
(in thousands)

	YEAR ENDED DECEMBER 31, 2023
Cash flows from operating activities:	
Net loss	$ (58,904)
Adjustments to reconcile net loss to net cash used in operating activities:	
Depreciation and amortization	964
Stock-based compensation expense	7,900
Reclassification of cumulative translation adjustment to income	(1,273)
Loss on disposed assets	166
Accretion of discount on investments	(1,330)
Noncash lease expense	1,703
Changes in operating assets and liabilities:	
Prepaid expenses and other assets	606
Operating lease right-of-use assets	(664)
Accounts payable	629
Other current liabilities	3,093
Net cash used in operating activities	(47,110)
Cash flows from investing activities:	
Cash paid for property and equipment	(1,857)
Cash proceeds from sale of fixed assets	268
Purchases of short-term investments	(10,845)
Sales and maturities of short-term investments	89,250
Net cash provided by investing activities	76,816
Cash flows from financing activities:	
Proceeds from exercise of common stock options	1
Net cash provided by financing activities	1
Net increase in cash, cash equivalents and restricted cash	29,707
Cash, cash equivalents, and restricted cash, beginning of period	11,602
Cash, cash equivalents, and restricted cash, end of period	$ 41,309
Reconciliation of cash, cash equivalents, and restricted cash:	
Cash and cash equivalents	$ 39,911
Restricted cash	1,398
Total cash, cash equivalents, and restricted cash	$ 41,309
Noncash investing and financing activities:	
Operating lease right-of-use assets not paid for in accounts payable and other current liabilities	$ 176
Vesting of common stock subject to a repurchase feature	$ 5,697

See accompanying notes to consolidated financial statements.

1. DESCRIPTION OF BUSINESS

IMMPACT BIO USA, INC. (“ImmPACT Bio” or the “Company”) was incorporated in the State of Delaware in July 2019 and research and development operations were established in Camarillo, California. The Company is a clinical-stage biopharmaceutical company developing a new generation of cell therapies for patients suffering from cancer and autoimmune diseases. The Company is developing CAR T-cell therapy product candidates, targeting validated antigens, designed to address key limitations of existing therapies, including the lack of deep, durable responses and toxicity, while expanding the number of patients and indications that can be treated.

ImmPACT Bio LTD, an Israeli company (the “Subsidiary”), was incorporated in November 2016 and began operations during 2017. During 2017 to 2019 the Subsidiary was operating in the biotechnological incubator FutuRx Ltd in Israel. On May 16, 2020, the Subsidiary transferred its licensed technology to the Company. During 2023 the Company wound down research and development activities at the Subsidiary.

In July 2021, the Company completed the acquisition of Kalthera, Inc. (“Kalthera”), a startup biotechnology company engaged in the development of bispecific CAR-T cell immunotherapy for the treatment of patients with relapsed or refractory B-cell lymphoma and other CAR-T technologies, whereby it acquired all the outstanding shares of Kalthera. This was determined to be an asset acquisition. Kalthera is a non-operating subsidiary of the Company.

As of August 2022, the Company is located and headquartered in West Hills, California. All domestic and foreign subsidiaries are wholly owned by the Company.

Risks and Uncertainties

The Company is subject to a number of risks similar to those of other companies of similar size in its industry, including, but not limited to, the need for successful development of products, the need for additional capital (or financing) to fund operating losses (see below), competition from substitute products and services from larger companies, protection of proprietary technology, patent litigation, dependence on key individuals, and risks associated with changes in information technology.

Liquidity and Going Concern

As an emerging growth company in the early commercialization stage of its lifecycle, the Company is subject to inherent risks and uncertainties associated with the development of the enterprise. In this regard, substantially all of the Company’s efforts to date have been devoted to the development of its immunotherapy technology, investment in related technology through mergers and acquisitions, the recruitment of management and technical staff, and raising capital to fund the development of the enterprise. As a result of these efforts, the Company has incurred significant losses and negative cash flows from operations since its inception, has an accumulated deficit of $136.8 million as of December 31, 2023 and expects to continue to incur such losses, and negative operating cash flows for the foreseeable future until such time that the Company reaches a scale of profitability to sustain its operations.

In order to execute its strategy, the Company has historically relied on outside capital primarily through the issuance of preferred stock and equity (collectively “outside capital”) to fund its cost structure, and the Company expects to continue to rely on outside capital for the foreseeable future. Furthermore, if the Company issues equity securities to raise additional funds, its existing stockholders may experience dilution, and the new equity securities may have rights, preferences and privileges senior to those of the Company's existing stockholders. While the Company's long term goal is to eventually reach a level of profitability to sustain its operations, there can be no assurance it will be able to achieve such profitability or do so in a manner that does not require its continued reliance on outside capital or other sources of capital. Moreover, while the Company has historically been successful in raising outside capital, there can be no assurance the Company will be able to continue to obtain outside capital or other means of capital in the future or do so on terms that are acceptable to the Company.

These conditions raise substantial doubt about the Company's ability to continue as a going concern. The accompanying consolidated financial statements have been prepared on the basis that the Company will continue to operate as a going concern, which contemplates that the Company will be able to realize assets and settle liabilities and commitments in the normal course of business for the foreseeable future. Accordingly, the accompanying consolidated financial statements do not include any adjustments that may result from the outcome of these uncertainties.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

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

Principles of Consolidation

The consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries. All intercompany balances and transactions have been eliminated in consolidation.

Financial Statement Estimates

The preparation of the consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Actual results could differ from those estimates or assumptions. Management considers many factors in selecting appropriate financial accounting policies, and in developing the estimates and assumptions that are used in the preparation of the consolidated financial statements. Management must apply significant judgment in this process. The more significant estimates include the fair value of the Company's common stock and the valuation of the Company's stock awards.

Cash and Cash Equivalents

The Company considers all highly liquid investments with an original maturity of three months or less when purchased to be cash and cash equivalents. Cash and cash equivalents are recorded at cost, which approximates fair value. The Company's cash balances exceed those that are federally insured. To date, the Company has not recognized any losses caused by uninsured balances.

Short-Term Investments

Short-term investments are marketable securities with maturities greater than three months but less than one year from date of purchase. As of December 31, 2023 short-term investments consisted of $1.2 million in Federal Home Loan Bank holdings. The short-term investments as of December 31, 2023 are considered to be held to maturity and are carried at amortized cost. Interest income earned on the Company's cash, cash equivalents, and short-term investments, and amortization or accretion of discounts and premiums on investments are included within interest income on the Company's consolidated statements of operations and comprehensive loss.

Fair Value of Financial Instruments

The availability of observable inputs can vary among the various types of financial assets and liabilities. 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. In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for financial statement disclosure purposes, the level in the fair value hierarchy within which the fair value measurement is categorized is based on the lowest level input that is significant to the overall fair value measurement. Inputs used in the valuation techniques to derive fair values are classified based on a three-level hierarchy, as follows:

Level 1—Quoted prices for identical instruments in active markets.

Level 2—Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations whose inputs are observable or whose significant value drivers are observable.

Level 3—Significant inputs to the valuation model are unobservable.

The following tables show the Company's cash, cash equivalents, short-term investments and restricted cash by significant investment category as of December 31, 2023 (in thousands):

AS OF DECEMBER 31, 2023	AMORTIZED COST	UNREALIZED GAINS	UNREALIZED LOSSES	FAIR VALUE	CASH AND CASH EQUIVALENTS	SHORT-TERM INVESTMENTS	RESTRICTED CASH
Cash	$ 5,647	$ —	$ —	$ 5,647	$ 4,249	$ —	$ 1,398
Level 1							
Money market funds	35,662	—	—	35,662	35,662	—	—
Level 2							
Federal Home Loan Bank	1,246	—	(1)	1,245	—	1,245	—
Total	$ 42,555	$ —	$ (1)	$ 42,554	$ 39,911	$ 1,245	$ 1,398

All financial instruments described in the table above have maturities of less than one year as of December 31, 2023. The carrying amounts reported in the consolidated financial statements for cash, cash equivalents, prepaid expenses, accounts payable, and other current liabilities approximate their fair value due to their relatively short maturities.

Property and Equipment, Net

Property and equipment, net are stated at cost less accumulated depreciation and amortization. Depreciation and amortization are calculated using the straight-line method over the estimated useful lives of the assets. The Company uses an estimated useful life of seven years for laboratory equipment and furniture and five years for computers and software. Leasehold improvements are amortized over the shorter of the lease-term or the estimated useful life of the related asset.

Impairment of Long-Lived Assets

The Company evaluates its long-lived assets, which consist primarily of property and equipment and operating lease right-of-use assets for impairment whenever events or changes in circumstances indicate that the carrying amount of such assets may not be fully recoverable. Factors that the Company considers in deciding when to perform an impairment review include significant underperformance of the long-lived asset in relation to expectations, significant negative industry or economic trends, and significant changes or planned changes in the use of the assets. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset (or asset group) to the estimated undiscounted future cash flows expected to be generated by the asset (or asset group). If the carrying amount of an asset (or asset group) exceeds its expected estimated future cash flows, an impairment charge is recognized for the amount by which the carrying amount of the asset (or asset group) exceeds its fair value. There were no impairment losses recognized during the year ended December 31, 2023.

Leases

The Company accounts for leases in accordance with Accounting Standards Codification ("ASC") 842, *Leases.* 842, *Leases.* The Company has real estate leases for its corporate office and lab space located in West Hills, California and the country of Israel, respectively. The Company determines if an arrangement contains a lease at contract inception. The Company has lease agreements with lease and non-lease components, which are accounted for together as a single lease component for all underlying classes of assets.

Operating lease right-of-use ("ROU") assets represent the Company's right to use an underlying asset for the estimated lease term and lease liabilities represent the obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at the commencement date of the lease based on the present value of the minimum lease payments over the lease term.

When readily determinable, the Company uses the rate implicit in the lease agreement in determining the present value of lease payments. As the implicit rate generally is not available, the Company uses its incremental borrowing rate based on information available at the lease commencement date, including the lease term. The Company's incremental borrowing rate for a lease is the rate of interest expected to be paid on a collateralized basis to borrow an amount equal to the lease payments under similar terms. Because the Company does not borrow on a collateralized basis, the Company considers a combination of factors, including its credit-adjusted risk-free interest rate, the risk profile and the lease term and the effect of adjusting the rate to reflect consideration of collateral.

The Company recognizes an operating lease ROU asset and lease liability for leases with a contractual term greater than twelve months at the time of lease inception. The Company does not record leases with an initial term of twelve months or less on the consolidated balance sheet and the Company recognizes lease expense on a straight-line basis over the lease term. The Company reviews contracts for identified assets where the Company has the right to direct the use of the asset and record those agreements as embedded leases on the consolidated balance sheet. The Company's leases often include options to extend or terminate at the Company's sole discretion, which are included in the determination of lease term when they are reasonably certain to be exercised.

Total lease costs recorded as rent and other occupancy costs include fixed operating lease costs, variable lease costs and short-term lease costs. The Company's real estate leases require payment of certain expenses, such as common area maintenance costs, real estate taxes and other executory costs, of which the fixed portion is included in operating lease costs. Operating lease costs are recognized on a straight-line basis over the lease term. The Company's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

The ROU asset is measured at the initial amount of the lease liability adjusted for lease payments made at or before the lease commencement date, initial direct costs and any tenant improvement allowances received. Leasehold improvements that are determined to be lessor-owned are included as prepaid lease payments for this calculation. ROU assets are reduced over the lease term by the recognized straight-line lease expense less the amount of accretion of the lease liability determined using the effective interest method. ROU assets are tested for impairment in the same manner as long-lived assets.

Restricted Cash

The Company classifies all cash whose use is limited by contractual provisions as restricted cash. Restricted cash arises from the requirement for the Company to maintain cash of $1.2 million as collateral for two letters of credit in favor of the Company's landlords. The Company may not access these funds until it vacates the office spaces. One lease terminated in April 2024 and the other lease terminates in January 2028 (see Note 5).

General and Administrative Expenses

General and administrative expenses include personnel-related costs, including salaries, bonuses, related benefits and stock-based compensation expenses for executive management, finance administration and human resources, allocated facilities-related costs, professional service fees (including legal and consulting services relating to intellectual property and corporate matters), and other general overhead costs to support operations, including depreciation expense. The Company expenses general and administrative expenses in the period in which they are incurred.

Research and Development Expenses

Research and development costs are expensed as incurred. Research and development expenses include compensation, employee benefits, and stock-based compensation for scientists and other research related employees as well as supplies and materials, facility costs (including rent), depreciation, and fees paid to outside consultants and contract research organizations.

Income Taxes

Income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. A valuation allowance is recorded for deferred tax assets if it is more likely than not that some portion or all of the deferred tax assets will not be realized. As of December 31, 2023, the Company has recorded a full valuation allowance against its deferred tax assets (see Note 11).

The Company recognizes the effect of income tax positions only if those positions are more likely than not of being sustained. Recognized income tax positions are measured at the largest amount that is greater than 50% likely of being realized. Changes in recognition or measurement are reflected in the period in which the change in judgment occurs.

Stock-Based Compensation

The Company measures and records the expense related to stock-based payment awards based on the fair value of those awards as determined on the date of grant. The Company recognizes stock-based compensation expense over the requisite service period of the individual grant, generally equal to the vesting period and uses the straight-line method to recognize stock-based compensation. The Company accounts for awards with performance conditions by recognizing stock-based compensation expense when the associated conditions are satisfied. Forfeitures are recognized as a reduction of stock-based compensation expense as they occur. The Company uses the Black-Scholes option pricing model to determine the fair value of stock option awards. The Black-Scholes option pricing model requires the use of highly subjective and complex assumptions, which determine the fair value of share-based awards, including:

Fair value of common stock. The fair value of the Company's common stock is determined on a periodic basis, with the assistance of an independent third-party valuation expert. These valuations are determined in accordance with the guidelines outlined in the American Institute of Certified Public Accountants Technical Practice Aid (*Valuation of Privately-Held-Company Equity Securities Issued as Compensation*). The Company utilized a dual option pricing model for the valuation, assuming an IPO exit and non-IPO exit and its associated impact on the cap structure at each specific future exit event. The assumptions underlying these valuations represent management's best estimates, which involved inherent uncertainties and the application of significant levels of management judgment. Management considers, among other things, independent third-party valuations, the Company's stage of development and business strategy, results of operations and financial position; valuation of comparable publicly traded companies; the lack of marketability of the Company's common stock; the prices at which the Company sold shares of its convertible preferred stock to investors in arm's length transactions and the rights, preferences, and privileges of convertible preferred stock relative to those of the Company's common stock; the likelihood of achieving a liquidity event, such as an initial public offering ("IPO"), or sale, given prevailing market conditions; trends and developments in the biotechnology industry and the Company's competitive landscape; and U.S. market conditions and the economy.

Risk-free interest rate. The Company bases the risk-free interest rate assumption on the U.S. Treasury's rates for U.S. Treasury zero-coupon bonds with maturities similar to those of the expected term of the award being valued.

Expected volatility. The expected volatility assumption is analyzed over a period commensurate with the expected term of the stock option awards. The Company determines the expected volatility based on the historical volatilities of its peer group, as it does not have a trading history for its shares. Industry peers consist of several public companies in the biotechnology industry similar to the Company in size, stage of life cycle, and financial leverage. The Company intends to consistently apply this process using the same or similar public companies until a sufficient amount of historical information regarding the volatility of its own stock price becomes available, or unless circumstances change such that the identified companies are no longer similar to the Company, in which case, more suitable companies whose share prices are publicly available would be utilized in the calculation.

Expected term. The expected term represents the period of time that options are expected to be outstanding. Because the Company does not have historical exercise behavior, it determines the expected term assumption using the simplified method, which is an average of the contractual term of the option and its vesting period.

Expected dividend yield. The Company bases the expected dividend yield assumption on the fact that it has never paid cash dividends and has no present intention to pay cash dividends.

Employee Benefit Plan

The Company sponsors a qualified 401(k) defined contribution plan covering eligible U.S. employees. Participants may contribute a portion of their annual compensation limited to a maximum annual amount set by the Internal Revenue Service. There were $0.2 million of employer contributions under this plan for the year ended December 31, 2023.

Israeli employees are eligible for pension and statutory education benefits that are accrued on the consolidated balance sheet as earned and are inconsequential.

Pursuant to Section 14 of the Severance Compensation Law, 1963 (“Section 14”), the Israeli employees of the Company are entitled to monthly deposits, at a rate of 8.33% of their monthly salary, made in their name with insurance companies. Section 14 allows the Company to make yearly deposits in the severance pay fund according to the employees’ current salary. Furthermore, the fund is made available to the employee at the time when the employer-employee relationship ends, regardless of the cause of termination. Deposits under Section 14 are not recorded as an asset in the Company’s balance sheet. There was $0.1 million of employer contributions under this plan for the year ended December 31, 2023.

Net Loss Per Common Share

Earnings per share attributable to common stockholders is calculated using the two-class method, which is an earnings allocation formula that determines earnings per share for the holders of the Company’s common shares and participating securities. Although the Company’s historical convertible preferred stock contained participating rights in any dividend declared and paid by the Company and were, therefore, participating securities, the convertible preferred stock had no stated dividends and the Company has never paid any cash dividends and does not plan to pay any dividends in the foreseeable future. Net loss attributable to common stockholders and participating securities is allocated to each share on an if-converted basis as if all of the earnings for the period had been distributed. However, the participating securities do not include a contractual obligation to share in the losses of the Company and are not included in the calculation of net loss per share in the periods that have a net loss. In addition, common stock equivalent shares (whether or not participating) are excluded from the computation of diluted earnings per share in periods in which they have an anti-dilutive effect on net loss per common share.

Diluted net loss per share is computed using the more dilutive of (i) the two-class method or (ii) the if-converted method and treasury stock method, as applicable. In periods in which the Company reports a net loss attributable to common stockholders, diluted net loss per share attributable to common stockholders is the same as basic net loss per share attributable to common stockholders since dilutive common shares are not assumed to have been issued if their effect is anti-dilutive. Diluted net loss per share is equivalent to basic net loss per share for the periods presented herein because common stock equivalent shares from the convertible preferred stock and stock option awards to purchase common stock (see Note 10) were antidilutive.

As a result of the Company reported net loss attributable to common stockholders for all periods presented herein, the following common stock equivalents were excluded from the computation of diluted net loss per common share for the year ended December 31, 2023 because including them would have been antidilutive (in thousands):

	DECEMBER 31, 2023
Employee stock options	3,368
Series A Convertible Preferred Stock	1,349
Series A-1 Convertible Preferred Stock	1,109
Series B Convertible Preferred Stock	7,103
Total common stock equivalents	12,929

Segments

The Company’s executive management team, as a group, represents the entity’s chief operating decision maker. To date, the Company’s executive management team has viewed the Company’s operations as one segment that includes the research and development efforts of a new generation of cell therapies for patients suffering from cancer and autoimmune diseases. As a result, the financial information disclosed materially represents all the financial information related to the Company's sole operating segment. Substantially all the Company's consolidated operating activities, including its long-lived assets, are located within the United States and considering the Company's pre-revenue operating stage, the Company currently has no concentration exposure to products or customers.

Recent Accounting Pronouncements

Recently Adopted Accounting Pronouncements

On January 1, 2023, the Company adopted Accounting Standards Update ("ASU") No. 2016-13, *Financial Instruments—Credit Losses: Measurement of Credit Losses on Financial Instruments* ("ASU 2016-13"), which amends the impairment model by requiring entities to use a forward-looking approach based on expected losses to estimate credit losses on certain types of financial instruments, including trade receivables and available-for-sale debt securities. ASU 2016-13 is effective for public business entities for fiscal years beginning after December 15, 2019, including interim periods within those fiscal years. For all other entities, the standard is effective in fiscal years beginning after December 15, 2022, and interim periods within fiscal years beginning after December 15, 2023, with early adoption permitted. The adoption of this ASU did not have any impact on the Company's consolidated financial statements.

In May 2021, the Financial Accounting Standards Board ("FASB") issued ASU No. 2021-04, *Earnings Per Share (Topic 260), Debt—Modifications and Extinguishments (*Subtopic 470-50*), Compensation—Stock Compensation (Topic 718), and Derivatives and Hedging—Contracts in Entity's Own Equity (Subtopic 815-40): Issuer's Accounting for Certain Modifications or Exchanges of Freestanding Equity-Classified Written Call Options* ("ASU 2021-04"). The amendments in ASU 2021-04 provide guidance to clarify and reduce diversity in an issuer's accounting for modifications or exchanges of freestanding equity-classified written call options (for example, warrants) that remain equity classified after modification or exchange. The ASU is effective for fiscal years beginning after December 15, 2021. The Company adopted this standard on January 1, 2022. The adoption of this ASU did not have any impact on the Company's consolidated financial statements.

Recently Issued Accounting Pronouncements Not Yet Adopted

In November 2023, the FASB issued ASU No. 2023-07, *Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures* ("ASU 2023-07"), which requires public entities to disclose information about their reportable segments' significant expenses and other segment items on an interim and annual basis. Public entities with a single reportable segment are required to apply the disclosure requirements in ASU 2023-07, as well as all existing segment disclosures and reconciliation requirements in ASC 280 on an interim and annual basis. ASU 2023-07 is effective for fiscal years beginning after December 15, 2023, and for interim periods within fiscal years beginning after December 15, 2024, with early adoption permitted. The Company is currently evaluating the impact of adopting ASU 2023-07.

In December 2023, the FASB issued ASU No. 2023-09, *Improvements to Income Tax Disclosures (Topic 740)* ("ASU 2023-09). The ASU requires disaggregated information about a reporting entity's effective tax rate reconciliation as well as additional information on income taxes paid. The ASU is effective on a prospective basis for annual periods beginning after December 15, 2024. Early adoption is also permitted for annual financial statements that have not yet been issued or made available for issuance. The Company is currently evaluating the impact of adopting ASU 2023-09.

3. PREPAID AND OTHER CURRENT ASSETS

Prepaid and other current assets consisted of the following (in thousands):

	DECEMBER 31, 2023
Prepaid expenses	$ 1,422
Interest receivable	154
Other receivable	68
Other	6
Prepaid and other current assets	$ 1,650

4. PROPERTY AND EQUIPMENT, NET

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

	DECEMBER 31, 2023
Lab equipment	$ 2,861
Manufacturing equipment	3,891
Office furniture and equipment	358
Computer equipment and software	143
Total property and equipment	7,253
Less: accumulated depreciation and amortization	(1,342)
Property and equipment, net	$ 5,911

Depreciation and amortization expense was approximately $1.0 million for the year ended December 31, 2023.

5. LEASES

The Company has an operating lease for its corporate headquarters containing office, lab, and manufacturing space in West Hills, California ("West Hills Lease"), as well as lab space located in Israel ("Israel Lease").

The West Hills Lease commenced in August 2022 for a sixty-six month term with an option to extend for a period of five years. The Israel Lease is renewed annually with the current term ending in April 2024, with two options to extend for a period of one year each. The Company determined that the remaining amounts due under the Israel Lease were not material. The exercise of lease renewal options is at the Company's sole discretion, and the Company has not renewed the Israel Lease for another one-year term. The Company's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

After the lease commencement date and over the lease term, lease expense is recognized as a single lease cost on a straight-line basis. Lease agreements related to properties are generally comprised of lease components and non-lease components. The lease agreements include variable non-lease components, such as tenant's share of operating expenses and tax expenses in excess of those allocated to the building, which are not significant.

Supplemental balance sheet information related to leases was as follows (in thousands):

	BALANCE SHEET LOCATION	DECEMBER 31, 2023
Operating leases:		
ROU assets, net	Operating lease ROU assets, net	$ 7,950
Lease liability, short-term	Other current liabilities	$ 457
Lease liability, long-term	Lease liability	$ 2,074

Included in the initial amount recorded to operating lease ROU assets, net were leasehold improvements that will be owned by the landlord under the terms of the lease agreement of approximately $6.7 million.

The components of lease expense were as follows (in thousands):

	DECEMBER 31, 2023
Operating lease costs:	
Amortization of right-of-use assets	$ 1,703
Interest on lease liabilities	198
Total lease costs	$ 1,901

Other information related to operating leases was as follows (dollars in thousands):

	DECEMBER 31, 2023
Cash paid for amounts included in the measurement of lease liabilities:	
Operating cash outflows from operating leases	$ 664
Weighted-average remaining lease term (years)	4.1
Weighted-average discount rate	7.4 %

The total future minimum lease payments under non-cancelable operating leases as of December 31, 2023 were as follows (in thousands):

Years ending December 31,	
2024	$ 627
2025	728
2026	750
2027	772
2028	65
Total future lease payments	2,942
Less: imputed interest	(411)
Total	$ 2,531

Rent expense was approximately $2.2 million for the year ended December 31, 2023.

6. OTHER CURRENT LIABILITIES

Other current liabilities consisted of the following (in thousands):

	DECEMBER 31, 2023
Compensation	$ 4,055
Accrued development	2,566
Deposit liability (see Note 10)	2,175
Lease liability, short-term	457
Accrued expenses	557
Other current liabilities	$ 9,810

7. COMMITMENTS AND CONTINGENCIES

Litigation

In the normal course of business, the Company may agree to indemnify third parties with whom it enters into contractual relationships, including vendors, lessors, and parties to other transactions with the Company, with respect to certain matters. The Company has agreed, under certain conditions, to hold these third parties harmless against specified losses, such as those arising from a breach of representations or covenants, other third-party claims that the Company's products when used for their intended purposes infringe the intellectual property rights of such other third parties, or other claims made against certain parties. It is not possible to determine the maximum potential amount of liability under these indemnification obligations due to the Company's limited history of prior indemnification claims and the unique facts and circumstances that are likely to be involved in each particular claim.

From time to time, the Company is subject to various claims that arise in the ordinary course of business. Additionally, the Company may become involved in various legal proceedings in the ordinary course of its business and may be subject to third-party infringement claims. Management believes that any liability of the Company that may arise out of or with respect to these matters will not materially adversely affect the financial position, results of operations, or cash flows of the Company.

License Arrangements and Collaboration Agreements

First UCLA License Agreement

In February 2021, the Company entered into a license agreement (as amended, the "First UCLA License") with the Regents of the University of California (the "University"). Under the First UCLA License, the University granted us an exclusive, royalty bearing license, with the right to sublicense through a specified number of tiers, under certain patent rights owned by the University and certain patent rights co-owned by the University and the Seattle Children's Hospital doing business as the Seattle Children's Research Institute (SCRI) and a non-exclusive, royalty-bearing license, with the right to sublicense through a specified number of tiers, under related technical information, in each case related to the Company's CD19/CD20 and TGF-b programs, for the development, use, and sale of products or services associated with certain inventions made in the course of research by the University's Los Angeles campus (UCLA) and SCRI in all fields of use. The licensed territory under the First UCLA License is, with respect to the licensed patents, all territories where such patent rights exist or may come to exist, and with respect to licensed technical information, worldwide.

Under the First UCLA License, the Company made an upfront payment of $12,500, and is obligated to pay a nominal, tiered annual license maintenance fee each year of the term until the Company makes the first commercial sale of a licensed product. Pursuant to the First UCLA License, the Company also issued to the University a specified number of shares of the Company's common stock. Upon the achievement of specified development, regulatory and commercial milestones, the Company is obligated to pay the University one-time milestone payments of up to $4.25 million in the aggregate for each licensed product. The Company has also agreed to pay the University a tiered royalty, subject to certain royalty reductions, low-single digits, or the mid-single digits if the first commercial sale of a licensed product does not occur by a specified date, on worldwide annual net sales of licensed products, and subject to a tiered minimum annual royalty payment of between a low-five figure and a low-six figure amount. The Company also agreed to pay the University a tiered percentage of any sublicense revenue in the low-double digits.

Second UCLA License Agreement

In March 2021, the Company entered into a license agreement (as amended, the “Second UCLA License”) with the University. Under the Second UCLA License, the University granted the Company an exclusive, royalty-bearing license, with the right to sublicense through a specified number of tiers, under certain patent rights owned by the University and a non-exclusive, royalty- bearing license, with the right to sublicense through a specified number of tiers, under related technical information, in each case related to the Company's TGF-b program and other technologies we may choose to develop, for the development, use, and sale of products or services associated with certain inventions made in the course of research by UCLA, in all fields of use. The licensed territory under the Second UCLA License is, with respect to the licensed patents, as amended by the second amendment as described below, the United States, Canada and Europe, and with respect to licensed technical information, worldwide.

Under the Second UCLA License, the Company paid the University an upfront license issue fee of $12,500, and is obligated to pay a nominal, tiered annual license maintenance fee each year of the term until the Company makes the first commercial sale of a licensed product. Pursuant to the First UCLA License, the Company also issued to the University a specified number of shares of the Company’s common stock. Upon the achievement of specified development, regulatory and commercial milestones, the Company is obligated to pay the University one-time milestone payments of up to $4.25 million in the aggregate for each licensed product. The Company has also agreed to pay the University a tiered royalty, subject to certain royalty reductions, in the low-single digits, or the mid-single digits if the first commercial sale of a licensed product does not occur by a specified date, on worldwide annual net sales of licensed products, and subject to a tiered minimum annual royalty payment of between a low-five figure and a low-six figure amount. The Company is also obligated to pay the University a tiered percentage of any sublicense revenue in the low-double digits.

Bioheng Collaboration

In October 2023, the Company contracted Bioheng to investigate the potential of IMPT-514 in patients with additional autoimmune disease. Bioheng will perform certain manufacturing, clinical trial management and other activities for this study that are reimbursed on a cost plus basis. Additionally, Bioheng is able to earn milestone payments of up to $1.0 million, which will be paid based on the achievement of predefined milestones. During the year ended December 31, 2023, the Company made advance payments of $0.8 million, which will be used by Bioheng to fund initial expenses incurred.

8. CONVERTIBLE PREFERRED STOCK

In July 2021, the Company entered into a Series A-1 Convertible Preferred Stock Purchase Agreement with certain investors and agreed to the sale of 1,109,147 of its Series A-1 Convertible Preferred Stock (“Series A-1 Preferred Stock”) at a purchase price of $13.5239 per share for aggregate gross proceeds of $15.0 million.

In January 2022, the Company entered into a Series B Preferred Stock Purchase Agreement with certain investors and agreed to the sale of 7,102,820 of its Series B Convertible Preferred Stock (“Series B

Preferred Stock") at a purchase price of $15.6073 per share for aggregate gross proceeds of $110.9 million.

In connection with the Series B Preferred Stock Purchase Agreement, the Company amended and restated its existing Amended and Restated Certificate of Incorporation, in order to, among other things, (i) increase the number of authorized shares of the common stock of the Company to 14,788,000, (ii) increase the number of authorized shares of the convertible preferred stock of the Company to 9,561,430, and (iii) create a new series of convertible preferred stock, designated Series B Preferred Stock.

There were no issuances of convertible preferred stock during the year ended December 31, 2023. Convertible preferred stock outstanding as of December 31, 2023, consisted of the following:

	SHARES AUTHORIZED	SHARES ISSUED AND OUTSTANDING	ISSUANCE PRICE PER SHARE	CARRYING VALUE (IN THOUSANDS)	LIQUIDATION PREFERENCE (IN THOUSANDS)
Series A	1,349,463	1,349,463	$ 13.5239	$ 18,240	$ 23,290
Series A-1	1,109,147	1,109,147	13.5239	14,916	17,982
Series B	7,102,820	7,102,820	15.6073	110,142	128,253
Total	9,561,430	9,561,430		$ 143,298	$ 169,525

The holders of Series A, Series A-1, and Series B Convertible Preferred Stock have various rights, preferences and privileges as follows:

Voting—Each share of convertible preferred stock has voting rights equal to an equivalent number of shares of common stock into which it is convertible and votes together as one class with the common stock, except as below:

(i) Holders of the Series A and Series A-1 Convertible Preferred Stock are entitled to elect, voting together as a single class and on an as-converted basis, two members to the Company's board of directors (the "Board of Directors"). Holders of the Series B Convertible Preferred Stock are entitled to elect, voting as a separate class, three members to the Company's Board of Directors.

(ii) Holders of the common stock are entitled to elect, exclusively voting separately as a separate class, two members to the Board of Directors.

(iii) The balance of the total number of directors of the Company shall be elected by the holders of common stock and Preferred Stock, voting together as a single class.

Dividends—The holders of Series A, Series A-1, and Series B Convertible Preferred Stock shall be entitled to receive, out of any funds legally available, cumulative dividends prior and in preference to any dividends paid on the common stock, at the rate of 8.0% of the purchase price per share per annum, as adjusted for stock splits, stock dividends, combinations, recapitalizations, and similar transactions, when, as and if declared by the Board of Directors. After payment of such dividends on the Series A, Series A-1, and Series B Convertible Preferred Stock, any additional dividends or distributions shall be distributed among all holders of common stock in proportion to the number of shares of common stock that would be held by each such holder if all shares of convertible preferred stock were converted to common stock at the then-effective conversion rate. No dividends have been declared or paid on the Company's convertible preferred stock.

Liquidation Preference—In the event of any voluntary or involuntary liquidation, dissolution or winding up of the Company (the "Liquidation") or a Deemed Liquidation Event (as defined below), the holders of shares of convertible preferred stock then outstanding shall be entitled to be paid an amount per share equal to the greater of:

(i) the applicable original issue price thereof, plus any accruing dividends accrued but unpaid thereon, whether or not declared, together with any other dividends declared but unpaid thereon; or

(ii) such amount as would have been payable had all shares of preferred stock been converted to shares of common stock immediately prior to such liquidation, dissolution, winding up or Deemed Liquidation Event (as defined below) of the Company.

Each of the following events are considered to be a "Deemed Liquidation Event" unless the "Requisite Holders (as defined below)" elect otherwise:

(i) A merger, reorganization or consolidation in which a) the Company is a constituent party or b) a subsidiary of the Company is a constituent party and the Company issues shares of its capital stock pursuant to such merger or consolidation, except any such merger, reorganization or consolidation involving the Company or a subsidiary in which the shares of capital stock of the Company outstanding immediately prior to such merger, reorganization or consolidation continue to represent, or are converted into or exchanged for shares of capital stock that represent, immediately following such merger or consolidation, a majority, by voting power, of the capital stock of (1) the surviving or resulting corporation; or (2) if the surviving or resulting corporation is a wholly owned subsidiary of another corporation immediately following such merger or consolidation, the parent corporation of such surviving or resulting Company.

(ii) A sale, lease, transfer, exclusive license or other disposition of all or substantially all of the assets of the Company.

If upon any such liquidation, dissolution or winding up of the Company or Deemed Liquidation of the Company, the assets of the Company legally available for distribution to the holders of convertible preferred stock are insufficient to permit the payment to such holders of the full amounts specified above, then the entire assets of the Company legally available for distribution shall be distributed with equal priority and pro rata among the holders of convertible preferred stock in proportion to the full amounts they would otherwise be entitled to receive. The Company evaluates Series A, Series A-1, and Series B Convertible Preferred Stock, which contain redemption rights, to determine whether such rights are within the control of the holder or subject to redemption upon the occurrence of uncertain events that are not solely within the Company's control. The Company concluded that a redemption upon the occurrence of a Deemed Liquidation Event is not solely within the Company's control and is, therefore, presented as mezzanine equity, separately from permanent equity.

In the event of any voluntary or involuntary liquidation, dissolution or winding up of the Company, after the payment in full of all convertible preferred stock Liquidation preference amounts required to be paid to the holders of shares of convertible preferred stock, the remaining assets of the Company available for distribution to its stockholders or, in the case of a Deemed Liquidation Event, the consideration not payable to the holders of shares of convertible preferred stock or the remaining proceeds available for distribution after satisfying the Liquidation Preference, as the case may be, shall be distributed among the holders of shares of common stock, pro rata based on the number of shares held by each such holder.

Redemption—Series A, Series A-1, and Series B of Convertible Preferred Stock are not redeemable.

Conversion—Each share of convertible preferred stock is convertible, at the option of the holder, at any time, into that number of fully-paid, nonassessable shares of common stock determined by dividing the original issue price for the relevant series of convertible preferred stock by the Conversion Price (as defined below) for such series. The number of shares of common stock into which each share of convertible preferred stock of a series may be converted is referred to as the "Conversion Rate" for each such series.

The Conversion Price per share for Series A and Series A-1 is $13.5239, and for Series B is $15.6073, in each case subject to adjustment from time to time for any stock dividend, stock split, combination or other similar recapitalization (further referred to "as adjusted").

Upon any decrease or increase in the conversion price for any series of convertible preferred stock, the Conversion Rate for such series shall be appropriately increased or decreased. As of December 31, 2023, all of the shares of convertible preferred stock convert on a one-to-one basis to shares of common stock (the "Conversion Rate").

Each share of convertible preferred stock shall automatically be converted into fully-paid, non-assessable shares of common stock at the then effective Conversion Rate for such share:

(i) upon the closing of a firm commitment underwritten initial public offering pursuant to an effective registration statement filed under the Securities Act of 1933, as amended, covering the offer and sale of the Company's common stock, provided that the aggregate gross proceeds to the Company are not less than $35.0 million, or

(ii) the date and time, or the occurrence of an event, specified by vote or written consent of the holders of a majority of the preferred stock then outstanding (voting as a single class and on an as-converted basis) (the "Requisite Holders").

9. COMMON STOCK

Pursuant to the Third Certificate of Amendment to Amended and Restated Certificate of Incorporation, the Company is authorized to issue 16,728,000 shares of common stock, par value $0.0001 per share. As of December 31, 2023 there were 3,231,325 shares of common stock issued and outstanding, respectively.

As of December 31, 2023, the Company had reserved authorized shares of common stock for future issuance for purposes of satisfying conversion of convertible preferred stock and the exercise and future grant of common stock options was as follows:

	DECEMBER 31, 2023
Common stock options issued and outstanding	3,367,539
Conversion of outstanding Series A-1 Convertible Preferred Stock	1,109,147
Conversion of outstanding Series A Convertible Preferred Stock	1,349,463
Conversion of outstanding Series B Convertible Preferred Stock	7,102,820
Total common shares reserved for future issuance	12,928,969

10. STOCK-BASED COMPENSATION

Equity Incentive Plans

In August 2020, the Company adopted the 2020 Employee Stock Option Plan, which was further amended effective December 2023 to increase the number of shares of common stock reserved for issuance under the plan by 85,000 shares. Prior to the 2020 Employee Stock Option Plan, the Company issued stock options under the 2017 Employee Stock Option Plan.

The Plan authorizes grants of options for up to 3,796,211 shares of common stock. Stock options must be granted with an exercise price equal to the stock's fair market value at the date of grant. Stock options generally have 10-year terms and vest over a four-year period starting from the date specified in each agreement. At December 31, 2023, there were options for 228,158 shares available for the Company to grant under the Plan.

In March 2023, the Company's Board of Directors approved a repricing of 2,640,762 outstanding stock options for current employees and board members who had received stock option awards with an original exercise price above $3.91. All such grants were modified to be repriced with an exercise price of $3.91. All other terms were left unchanged. The total incremental stock-based compensation expense associated with the modification of these options was $1.9 million. The incremental expense as a result of the repricing was recognized immediately for vested awards in the amount of $0.4 million, and the incremental expense for the unvested awards will be recognized over the remaining requisite service period of approximately 2.8 years. The stock option repricing was accounted for as a modification under ASC 718.

Stock Options

Subject to the terms of the 2020 and 2017 Employee Stock Option Plans (the "Plan"), the Board of Directors may grant nonstatutory stock options to purchase shares of the Company's common stock to outside directors or service providers and either nonstatutory or incentive stock options to purchase shares of the Company's common stock to employees.

Option Awards Activity

A summary of the Company's stock option activity and related information under the Plan is as follows:

	OPTIONS OUTSTANDING	WEIGHTED-AVERAGE EXERCISE PRICE	WEIGHTED-AVERAGE REMAINING CONTRACTUAL TERM (YEARS)	AGGREGATE INTRINSIC VALUE (IN THOUSANDS)
Outstanding at December 31, 2022	2,855,049	$ 10.31	9.23	$ 398
Granted	817,430	$ 4.14		
Exercised	(5,628)	0.18		
Forfeited	(180,632)	6.55		
Expired	(118,680)	4.50		
Outstanding at December 31, 2023	3,367,539	$ 3.85	8.52	$ 201
Exercisable at December 31, 2023	1,322,793	$ 3.76	8.01	$ 201

The intrinsic values are calculated as the difference between the fair value of the Company's common stock and the exercise price of the stock options. As of December 31, 2023, unrecognized stock-based compensation expense, including repriced options, was approximately $11.2 million, of which there was $0.1 million related to performance-based stock options subject to performance conditions. We expect to recognize these expenses over the weighted-average remaining requisite service period of approximately 2.4 years.

Stock-based compensation expense was approximately $7.9 million for the year ended December 31, 2023.

The total fair value of stock options granted during the year ended December 31, 2023 was approximately $2.7 million. The weighted-average assumptions for stock options issued for the year ended December 31, 2023 were as follows:

		YEAR ENDED DECEMBER 31,
		2023
Risk-free interest rate		4.1 %
Expected life (years)		6.0
Expected volatility		91.3 %
Expected dividend yield		0.0 %
Fair value of common stock	$	4.18

Restricted Stock Units

On July 7, 2021 (the "Closing Date"), the Company completed the acquisition of Kalthera, a biotechnology company that is currently progressing with certain clinical trials at the University of California, Los Angeles ("UCLA") Jonsson Comprehensive Cancer Center, whereby it acquired all of the outstanding shares of Kalthera in exchange for issuing 2,230,286 shares of Common Stock of the Company (the "Consideration Shares") to the former shareholders of Kalthera, with the aggregate acquisition-date fair value of $23.5 million (or $10.52 per share), which was determined to be an asset acquisition. Upon closing of the acquisition, certain former shareholders of Kalthera became employees and/or consultants of the Company. A total of 1,417,877 shares of Common Stock shares were issued to such former shareholders as part of the Consideration Shares that were subject to vesting over a three-year period following the Closing Date (the "Restricted Shares"), with such vesting contingent on the holders' continuing their employment or consulting relationship with the Company. As these restricted shares have been issued and have voting rights, all such shares are considered to be legally issued and outstanding as of the date of issuance. There were 541,549 Restricted Shares that vested during the year ended December 31, 2023. If such former shareholder's employment or consulting relationship is terminated prior to vesting, all of the then unvested Restricted Shares may be repurchased by the Company at the lower of (i) $13.5239, or (ii) the fair market value per share of such unvested Restricted Shares as of the date of repurchase. In certain circumstances, if an employee or consultant is terminated by the Company without cause, or resigns for good reason, the unvested Restricted Shares will vest immediately upon such termination. The Company recorded a liability for the potential obligation to repurchase the unvested shares of $14.9 million as of the Closing Date. As the Restricted Shares vest, the liability will be reduced, as the Company will no longer have the obligation to settle those shares. The remaining liability is included in other current liabilities and was $2.2 million as of December 31, 2023.

Issuance of the Restricted Shares upon the acquisition of Kalthera was considered to represent an in-substance issuance and an early exercise of outstanding options to purchase 1,417,877 shares of the Company's common stock (the "Kalthera Options") which vest over the three-year period following the Closing Date. The issuance date fair value of Kalthera Options was $5.8 million, which was calculated using the Black-Scholes option pricing model with the following assumptions:

Risk-free interest rate	0.1 %
Expected term (years)	1.5
Expected volatility	97.5 %
Expected dividend yield	0.0 %

Because the vesting is contingent upon the former shareholders' continued employment or consulting relationship, Kalthera Options are considered to be a post-combination compensation expense rather than part of the purchase consideration. Accordingly, the fair value of Kalthera Options of $5.8 million is recognized as stock-based compensation expense over the three-year vesting term, commencing on the Closing Date.

Stock-Based Compensation Expense

Stock-based compensation expense that has been included in the Company's statements of operations and comprehensive loss for all stock-based compensation arrangements for the year ended December 31, 2023 was as follows (in thousands):

	YEAR ENDED DECEMBER 31, 2023
Research and development expenses	$ 3,935
General and administrative expenses	3,965
Total stock-based compensation expense	$ 7,900

For the year ended December 31, 2023, approximately $2.2 million of research and development share-based compensation cost related to Kalthera Options.

11. INCOME TAXES

Loss before income taxes for the year ended December 31, 2023 is as follows (in thousands):

	2023
Domestic	$ (59,270)
Foreign	366
Total losses before provision for income taxes	$ (58,904)

No provision for federal, state, or foreign income taxes has been recorded for the year ended December 31, 2023. The difference between the Company's effective tax rate of 0% and the U.S. federal statutory tax rate of 21% is largely due to the Company's net operating losses ("NOLs"), which are offset by the corresponding valuation allowance. The reconciliation of federal statutory income tax rate to the Company's effective tax rate was as follows:

	DECEMBER 31, 2023
U.S. federal statutory tax rate	21.0 %
Change in valuation allowance	(19.9)
Stock-based compensation expense	(1.5)
Research and development credits	5.6
Unrecognized tax benefits	(1.7)
Worthless tax attribute write-off	(2.8)
Other	(0.7)
Income tax expenses	— %

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes.

Significant components of the Company's deferred tax assets and liabilities as of December 31, 2023 were as follows (in thousands):

	DECEMBER 31, 2023
Deferred tax assets:	
Net operating losses	$ 8,059
Accrued expenses	650
Research and development tax credits	3,649
Stock-based compensation	1,590
Lease liability	532
Capitalized research and development	10,247
Fixed assets	1,242
Other	4
Total deferred tax assets	25,973
Less: valuation allowance	(24,271)
Deferred tax assets, net	1,702
Deferred tax liabilities:	
Operating lease right-of-use assets	1,670
Others	32
Total deferred tax liabilities	1,702
Net deferred tax assets	$ —

At December 31, 2023, the Company had federal and state NOL carryforwards of $34.7 million and $11.0 million, respectively. The federal carryforwards are generated after 2018 and can be carried forward indefinitely, but can only be used to offset 80% of future taxable income. If not utilized, state carryforwards will begin to expire in 2038.

At December 31, 2023, the Company has federal and state research credit carryforwards, before an unrecognized tax benefit reserve, of approximately $3.1 million and $2.6 million, respectively. The federal credits begin to expire in 2041 and the California credit can be carried forward indefinitely.

The utilization of the Company's NOLs and other tax attributes may be subject to a limitation due to the "change in ownership provisions" under Section 382 of the Internal Revenue Code and similar state provisions. Such limitation may result in the expiration of the net operating loss and other tax attribute carryforwards before their utilization. The Company has not yet completed a Section 382 study. The Company's ability to utilize its net operating loss carryforwards and other tax attributes to offset future taxable income or tax liabilities may be limited as a result of ownership changes.

The Company has evaluated the positive and negative evidence bearing upon its ability to realize the deferred tax assets. Management has considered the Company's history of cumulative net losses incurred since inception and has concluded that it is more likely than not that the Company will not realize the benefits of the deferred tax assets. Accordingly, the Company has established a valuation allowance against net deferred tax assets for all periods presented due to the uncertainty of realizing future tax benefits from its NOL carryforwards and other deferred tax assets. The Company periodically evaluates the recoverability of the deferred tax assets. At such time as it is determined that it is more likely than not that the deferred tax asset will be realized, the valuation allowance will be reduced.

At December 31, 2023, a valuation allowance of approximately $24.3 million had been established to offset the deferred tax assets. The valuation allowance increased by approximately $11.8 million during the year ended December 31, 2023.

The Company recognizes the effect of income tax positions only if those positions are more likely than not of being sustained. Recognized income tax positions are measured at the largest amount that is greater than 50% likely of being realized. Changes in recognition or measurement are reflected in the period in which the change in judgment occurs. At December 31, 2023, the unrecognized tax benefits recorded were approximately $1.7 million, which, if recognized would not affect the effective tax rate due to the valuation allowance. It is not anticipated that there will be a significant change in the unrecognized tax benefits over the next 12 months. The following table summarizes the activity related to the Company's gross unrecognized tax benefits for the year ended December 31, 2023 (in thousands):

	YEAR ENDED DECEMBER 31, 2023
Gross unrecognized tax benefits at the beginning of the year	$ 625
Increases related to current year positions	1,105
Increases (decreases) related to prior year positions	—
Gross unrecognized tax benefits at the end of the year end of the year	$ 1,730

The Company recognizes interest expense and penalties related to the above unrecognized tax benefits within income tax expense. Management determined that no accrual for interest and penalties was required as of December 31, 2023.

The Company files U.S. federal and various state income tax returns and is subject to the examination for tax years back to 2020 and 2019 for federal and state purposes, respectively, and its NOLs dating back to inception are subject to adjustment by the taxing authorities if claimed on future tax filings for which the statute remain open to examination. The Company also files Israel tax returns and is subject to examination for tax years back to 2019.

12. SUBSEQUENT EVENTS

The Company has evaluated subsequent events occurring between the end of the most recent fiscal year and through May 3, 2024, the date the accompanying consolidated financial statements were available to be issued. Except as described below, the Company has concluded that no subsequent events have occurred that require disclosure.

In February 2024, the Company was awarded a grant for $8.0 million from the California Institute for Regenerative Medicine ("CIRM"). Proceeds from the CIRM grant will be recognized over the period necessary to match the related research and development expenses when it is probable that the Company has complied with the CIRM conditions and will receive the proceeds pursuant to the milestones defined in the grant as reimbursement of those expenditures.

In March and April 2024, in connection with the Series B Preferred Stock Purchase Agreement, the Company and certain investors executed an agreement under which the Company sold an additional tranche of 1,922,183 shares of its Series B Convertible Preferred Stock at a purchase price of $15.6073 per share for aggregate gross proceeds of $30.0 million, and amended and restated its existing Amended and Restated Certificate of Incorporation, in order to, among other things, (i) increase the number of authorized shares of common stock of the Company to 18,707,819, and (ii) increase the number of authorized shares of convertible preferred stock of the Company to 11,541,249.

Exhibit 99.2

IMMPACT BIO USA, INC.

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

Unaudited Condensed Consolidated Financial Statements as of and for the Nine Months Ended September 30, 2024	PAGE
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IMMPACT BIO USA, INC.

Condensed Consolidated Balance Sheets (unaudited)
(in thousands, except share and par value data)

	SEPTEMBER 30, 2024	DECEMBER 31, 2023
Assets		
Current assets:		
Cash and cash equivalents	$ 23,076	$ 39,911
Short-term investments	—	1,245
Prepaid expenses and other current assets	1,322	1,650
Restricted cash	410	—
Total current assets	24,808	42,806
Property and equipment, net	6,335	5,911
Operating lease right-of-use assets, net	6,632	7,950
Restricted cash	988	1,398
Other assets	459	459
Total assets	$ 39,222	$ 58,524
Liabilities, Convertible Preferred Stock and Stockholders' Deficit		
Current liabilities:		
Accounts payable	$ 5,275	$ 1,742
Other current liabilities	11,539	9,810
Total current liabilities	16,814	11,552
Lease liability	1,632	2,074
Total liabilities	$ 18,446	$ 13,626
Commitments and contingencies (Note 6)		
Convertible preferred stock, $0.0001 par value; 11,541,249 and 9,561,430 shares authorized as of September 30, 2024 and December 31, 2023, respectively; 11,483,613 and 9,561,430 shares issued and outstanding as of September 30, 2024 and December 31, 2023, respectively (aggregate liquidation value of $209.5 million as of September 30, 2024 and $169.5 million as of December 31, 2023, respectively).	$ 173,169	$ 143,298
Stockholders' deficit:		
Common stock, $0.0001 par value; 18,707,819 and 16,728,000 shares authorized as of September 30, 2024 and December 31, 2023, respectively; 3,236,031 and 3,231,325 shares issued and outstanding as of September 30, 2024 and December 31, 2023, respectively.	—	—
Additional paid-in capital	45,437	38,396
Accumulated deficit	(197,830)	(136,796)
Total stockholders' deficit	(152,393)	(98,400)
Total liabilities, convertible preferred stock and stockholders' deficit	$ 39,222	$ 58,524

See accompanying notes to unaudited condensed consolidated financial statements.

IMMPACT BIO USA, INC.

Condensed Consolidated Statement of Operations and Comprehensive Loss (unaudited)
(in thousands, except share and per share data)

	NINE MONTHS ENDED SEPTEMBER 30, 2024
Operating expenses:	
Research and development	$ 45,996
General and administrative	16,995
Total operating expenses	62,991
Loss from operations	(62,991)
Interest income	1,250
Other income, net	707
Net loss	$ (61,034)
Net loss per share, basic and diluted	$ (18.88)
Weighted-average common shares outstanding, basic and diluted	3,232,530
Other comprehensive loss	—
Comprehensive loss	$ (61,034)

See accompanying notes to unaudited condensed consolidated financial statements.

IMMPACT BIO USA, INC.

Condensed Consolidated Statement of Convertible Preferred Stock and Stockholders' Deficit (unaudited)
(in thousands, except share data)

	CONVERTIBLE PREFERRED STOCK		COMMON STOCK		ADDITIONAL PAID-IN	ACCUMULATED OTHER COMPREHENSIVE	ACCUMULATED	TOTAL STOCKHOLDERS
	SHARES	AMOUNT	SHARES	AMOUNT	CAPITAL	INCOME	DEFICIT	DEFICIT
Balance at December 31, 2023	9,561,430	$ 143,298	3,231,325	$ —	$ 38,396	$ —	$ (136,796)	$ (98,400)
Net loss	—	—	—	—	—	—	(61,034)	(61,034)
Issuance of Series B convertible preferred shares at $15.6073 per share, net of issuance costs of $130	1,922,183	29,871	—	—	—	—	—	—
Vesting of common stock subject to a repurchase feature (Note 9)	—	—	—	—	2,175	—	—	2,175
Stock-based compensation expense	—	—	—	—	4,854	—	—	4,854
Stock option exercises	—	—	4,706	—	12	—	—	12
Balance at September 30, 2024	11,483,613	173,169	3,236,031	—	45,437	—	(197,830)	(152,393)

See accompanying notes to unaudited condensed consolidated financial statements.

IMMPACT BIO USA, INC.
Condensed Consolidated Statement of Cash Flows (unaudited)
(in thousands)

	NINE MONTHS ENDED SEPTEMBER 30, 2024
Cash flows from operating activities:	
Net loss	$ (61,034)
Adjustments to reconcile net loss to net cash used in operating activities:	
Depreciation and amortization	860
Stock-based compensation expense	4,854
Noncash lease expense	1,417
Write-off of offering costs previously capitalized during the period	2,087
Changes in operating assets and liabilities:	
Prepaid expenses and other assets	328
Operating lease right-of-use assets	(98)
Accounts payable	3,532
Other current liabilities	3,462
Net cash used in operating activities	(44,592)
Cash flows from investing activities:	
Cash paid for property and equipment	(1,284)
Sales and maturities of short-term investments	1,245
Net cash used in investing activities	(39)
Cash flows from financing activities:	
Proceeds from convertible preferred stock issued, net of issuance costs of $130 for the nine months ended September 30, 2024	29,871
Payments of offering costs	(2,087)
Proceeds from exercise of common stock options	12
Net cash provided by financing activities	27,796
Net decrease in cash, cash equivalents and restricted cash	(16,835)
Cash, cash equivalents, and restricted cash, beginning of period	41,309
Cash, cash equivalents, and restricted cash, end of period	$ 24,474
Reconciliation of cash, cash equivalents, and restricted cash:	
Cash and cash equivalents	$ 23,076
Restricted cash	1,398
Total cash, cash equivalents, and restricted cash	$ 24,474
Noncash investing and financing activities:	
Vesting of common stock subject to a repurchase feature	2,175

See accompanying notes to unaudited condensed consolidated financial statements.

IMMPACT BIO USA, INC.
Notes to the Condensed Consolidated Financial Statements
(Unaudited)

1. DESCRIPTION OF BUSINESS

IMMPACT BIO USA, INC. (“ImmPACT Bio” or the “Company”) was incorporated in the State of Delaware in July 2019 and research and development operations were established in Camarillo, California. The Company is a clinical- stage biopharmaceutical company developing a new generation of cell therapies for patients suffering from cancer and autoimmune diseases. The Company is developing CAR T-cell therapy product candidates, targeting validated antigens, designed to address key limitations of existing therapies, including the lack of deep, durable responses and toxicity, while expanding the number of patients and indications that can be treated.

ImmPACT Bio LTD, an Israeli company (the “Subsidiary”), was incorporated in November 2016 and began operations during 2017. During 2017 to 2019 the Subsidiary was operating in the biotechnological incubator FutuRx Ltd in Israel. On May 16, 2020, the Subsidiary transferred its licensed technology to the Company. During 2023, the Company wound down research and development activities at the Subsidiary.

In July 2021, the Company completed the acquisition of Kalthera, Inc. (“Kalthera”), a startup biotechnology company engaged in the development of bispecific CAR-T cell immunotherapy for the treatment of patients with relapsed or refractory B-cell lymphoma and other CAR-T technologies, whereby it acquired all the outstanding shares of Kalthera. This was determined to be an asset acquisition. Kalthera is a non-operating subsidiary of the Company.

As of August 2022, the Company is located and headquartered in West Hills, California. All domestic and foreign subsidiaries are wholly owned by the Company.

Risks and Uncertainties

The Company is subject to a number of risks similar to those of other companies of similar size in its industry, including, but not limited to, the need for successful development of products, the need for additional capital (or financing) to fund operating losses (see below), competition from substitute products and services from larger companies, protection of proprietary technology, patent litigation, dependence on key individuals, and risks associated with changes in information technology.

Liquidity and Going Concern

As an emerging growth company in the early commercialization stage of its lifecycle, the Company is subject to inherent risks and uncertainties associated with the development of the enterprise. In this regard, substantially all of the Company’s efforts to date have been devoted to the development of its immunotherapy technology, investment in related technology through mergers and acquisitions, the recruitment of management and technical staff, and raising capital to fund the development of the enterprise. As a result of these efforts, the Company has incurred significant losses and negative cash flows from operations since its inception, has an accumulated deficit of $197.8 million as of September 30, 2024 and expects to continue to incur such losses, and negative operating cash flows for the foreseeable future until such time that the Company reaches a scale of profitability to sustain its operations.

These conditions raise substantial doubt about the Company’s ability to continue as a going concern.

In response to those conditions and in order to execute its strategy, the Company has historically relied on outside capital primarily through the issuance of preferred stock and equity (collectively “outside capital”) to fund its cost structure, and the Company expects to continue to rely on outside capital to fund its cost structure. With the acquisition of the Company by Lyell Immunopharma, Inc. (“Lyell”) on October

31, 2024 (See Note 11), the Company is dependent upon funding from Lyell to sustain its operations. While the Company's long term goal is to eventually reach a level of profitability to sustain its operations, there can be no assurance it will be able to achieve such profitability or do so in a manner that does not require its continued reliance on funding from Lyell or other sources of capital. There can be no assurance the Company will be able to obtain funding from Lyell in the future at levels necessary to sustain the Company's cost structure. As a result, the Company has concluded that substantial doubt exists about the Company's ability to continue as a going concern. The accompanying unaudited condensed consolidated financial statements have been prepared on the basis that the Company will continue to operate as a going concern, which contemplates that the Company will be able to realize assets and settle liabilities and commitments in the normal course of business for the foreseeable future. Accordingly, the accompanying unaudited condensed consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The unaudited condensed consolidated financial statements have been prepared in accordance with generally accepted accounting principles in the United States of America ("U.S. GAAP").

Unaudited Condensed Financial Statements

The condensed balance sheet as of September 30, 2024, the condensed statement of operations and comprehensive loss, the condensed statement of convertible preferred stock and stockholders' deficit for the nine months ended September 30, 2024, and the condensed statement of cash flows for the nine months ended September 30, 2024 are unaudited. The unaudited condensed financial statements have been prepared on the same basis as the annual financial statements and reflect, in the opinion of management, all adjustments of a normal and recurring nature that are necessary for the fair statement of the Company's financial position as of September 30, 2024 and its results of operations for the nine months ended September 30, 2024 and its cash flows for the nine months ended September 30, 2024. The financial data and the other financial information disclosed in these notes to the financial statements related to the nine-month period are also unaudited. The results of operations for the nine months ended September 30, 2024 are not necessarily indicative of the results to be expected for the year ending December 31, 2024, or for any other future annual or interim period. The unaudited condensed balance sheet as of December 31, 2023 included herein was derived from the audited financial statements as of that date. Certain information and footnote disclosures normally included in financial statements prepared in accordance with GAAP have been condensed or omitted from these unaudited condensed financial statements. These unaudited condensed financial statements should be read in conjunction with the Company's audited financial statements for the year ended December 31, 2023.

Principles of Consolidation

The unaudited condensed consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries. All intercompany balances and transactions have been eliminated in consolidation.

Financial Statement Estimates

The preparation of the unaudited condensed consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the amounts reported in the unaudited condensed consolidated financial statements and accompanying notes. Actual results could differ from those estimates or assumptions. Management considers many factors in selecting appropriate financial accounting policies, and in developing the estimates and assumptions that are used in the preparation of the unaudited condensed consolidated financial statements. Management must apply significant judgment in this process. The more significant estimates include accruals for research and development expenses, accruals for services rendered in connection with third-party contractor clinical trial activities, and the fair value of the Company's common stock and the valuation of the Company's stock awards.

Cash and Cash Equivalents

The Company considers all highly liquid investments with an original maturity of three months or less when purchased to be cash and cash equivalents. Cash and cash equivalents are recorded at cost, which approximates fair value. The Company's cash balances exceed those that are federally insured. To date, the Company has not recognized any losses caused by uninsured balances.

Short-Term Investments

Short-term investments are marketable securities with maturities greater than three months but less than one year from date of purchase. As of September 30, 2024, there were no short-term investments. As of December 31, 2023, short-term investments consisted of $1.2 million in Federal Home Loan Bank holdings. The short-term investments as of December 31, 2023 are considered to be held to maturity and are carried at amortized cost. Interest income earned on the Company's cash, cash equivalents, and short-term investments, and amortization or accretion of discounts and premiums on investments are included within interest income on the Company's consolidated statements of operations and comprehensive loss.

Fair Value of Financial Instruments

The availability of observable inputs can vary among the various types of financial assets and liabilities. 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. In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for financial statement disclosure purposes, the level in the fair value hierarchy within which the fair value measurement is categorized is based on the lowest level input that is significant to the overall fair value measurement. Inputs used in the valuation techniques to derive fair values are classified based on a three-level hierarchy, as follows:

Level 1—Quoted prices for identical instruments in active markets.

Level 2—Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations whose inputs are observable or whose significant value drivers are observable.

Level 3—Significant inputs to the valuation model are unobservable.

The following table shows the Company's cash, cash equivalents, short-term investments and restricted cash by significant investment category as of September 30, 2024 and December 31, 2023 (in thousands):

AS OF SEPTEMBER 30, 2024	COST	UNREALIZED GAINS	UNREALIZED LOSSES	FAIR VALUE	CASH AND CASH EQUIVALENTS	SHORT-TERM INVESTMENTS	RESTRICTED CASH
Cash	$ 3,286	$ —	$ —	$ 3,286	$ 1,888	$ —	$ 1,398
Level 1							
Money market funds	21,188	—	—	21,188	21,188	—	—
Total	$ 24,474	$ —	$ —	$ 24,474	$ 23,076	$ —	$ 1,398

AS OF DECEMBER 31, 2023	COST	UNREALIZED GAINS	UNREALIZED LOSSES	FAIR VALUE	CASH AND CASH EQUIVALENTS	SHORT-TERM INVESTMENTS	RESTRICTED CASH
Cash	$ 5,647	$ —	$ —	$ 5,647	$ 4,249	$ —	$ 1,398
Level 1							
Money market funds	35,662	—	—	35,662	35,662	—	—
Level 2							
Federal Home Loan Bank	1,246	—	(1)	1,245	—	1,245	—
Total	$ 42,555	$ —	$ (1)	$ 42,554	$ 39,911	$ 1,245	$ 1,398

All financial instruments described in the tables above have maturities of less than one year as of September 30, 2024 and December 31, 2023, respectively. The carrying amounts reported in the unaudited condensed consolidated financial statements for cash, cash equivalents, prepaid expenses, accounts payable, and other current liabilities approximate their fair value due to their relatively short maturities.

Restricted Cash

The Company classifies all cash whose use is limited by contractual provisions as restricted cash. Restricted cash primarily arises from the requirement for the Company to maintain cash of $1.2 million as collateral for a letter of credit in favor of the Company’s landlord. Approximately $0.4 million of that amount will be released during August 2025 so long as the Company remains in good standing. The Company may not access the remaining $0.8 million until it vacates the office space. The Company's lease terminates in January 2028.

Research and Development Expenses

Internal R&D costs are expensed as incurred. Clinical trial costs incurred by third parties are expensed as the contracted work is performed.

Government Grants

In February 2024, the Company was awarded a grant for $8.0 million from the California Institute for Regenerative Medicine (“CIRM”) in support of the research project related to phase 1b/2 development of IMPT-514, a CD19/CD20 CAR T-cell therapy in development for lupus. The award is payable to the Company upon achievement of milestones over the next three years that are primarily based on the enrollment of patients and the overall progression of the Company’s IMPT-514 clinical trial. CIRM may permanently cease disbursements if milestones are not met within four months of the scheduled completion date. Additionally, if CIRM determines, in its sole discretion, that the Company has not complied with the terms and conditions of the grant, CIRM may suspend or permanently cease disbursements. Funds received under this grant may only be used for allowable project costs specifically identified with the CIRM-funded project. Such costs can include but are not limited to salary for personnel, itemized supplies, consultants, and itemized clinical study costs. Under the terms of the grant, both CIRM and the Company will co-fund the research project and the amount of the Company's co-funding requirement is predetermined as a part of the award.

In the absence of explicit U.S. GAAP guidance on contributions received by business entities from government entities, the Company has applied to the CIRM grant the recognition and measurement guidance in International Accounting Standards Topic 20 by analogy. Proceeds from the CIRM grant will be recognized over the period necessary to match the related research and development expenses when it is probable that the Company has complied with the CIRM conditions and will receive the proceeds pursuant to the milestones defined in the grant as reimbursement of those expenditures. On May 1, 2024, the Company received the first installment of $2.0 million from CIRM under the existing CIRM grant. Any CIRM grant proceeds received in advance of having incurred the related research and development expenses are recorded in other current liabilities and recognized as other income in the consolidated statements of operations and comprehensive loss when the related research and development expenses are incurred. Cash inflows and other income recognized from the CIRM grant are presented as operating activities on the statements of cash flows.

As of September 30, 2024, CIRM grant proceeds held as other current liabilities totaled $1.3 million. During the nine months ended September 30, 2024, the Company recognized grant income of $0.7 million in the accompanying unaudited condensed consolidated statements of operations and comprehensive loss.

Stock-Based Compensation

The Company measures and records the expense related to stock-based payment awards based on the fair value of those awards as determined on the date of grant. The Company recognizes stock-based compensation expense over the requisite service period of the individual grant, generally equal to the vesting period and uses the straight-line method to recognize stock-based compensation. The Company accounts for awards with performance conditions by recognizing stock-based compensation expense when the associated conditions are probable. Forfeitures are recognized as a reduction of stock-based compensation expense as they occur. The Company uses the Black-Scholes option pricing model to determine the fair value of stock option awards. The Black-Scholes option pricing model requires the use of highly subjective and complex assumptions, which determine the fair value of share-based awards, including:

Fair value of common stock. The fair value of the Company's common stock is determined on a periodic basis, with the assistance of an independent third-party valuation expert. These valuations are determined in accordance with the guidelines outlined in the American Institute of Certified Public Accountants Technical Practice Aid (*Valuation of Privately-Held-Company Equity Securities Issued as Compensation*). The Company utilized a dual option pricing model for the valuation, assuming an IPO exit and non-IPO exit and its associated impact on the cap structure at each specific future exit event. The assumptions underlying these valuations represent management's best estimates, which involved inherent uncertainties and the application of significant levels of management judgment. Management considers, among other things, independent third-party valuations, the Company's stage of development and business strategy, results of operations and financial position; valuation of comparable publicly traded companies; the lack of marketability of the Company's common stock; the prices at which the Company sold shares of its convertible preferred stock to investors in arm's length transactions and the rights, preferences, and privileges of convertible preferred stock relative to those of the Company's common stock; the likelihood of achieving a liquidity event, such as an initial public offering ("IPO"), or sale, given prevailing market conditions; trends and developments in the biotechnology industry and the Company's competitive landscape; and U.S. market conditions and the economy.

Risk-free interest rate. The Company bases the risk-free interest rate assumption on the U.S. Treasury's rates for U.S. Treasury zero-coupon bonds with maturities similar to those of the expected term of the award being valued.

Expected volatility. The expected volatility assumption is analyzed over a period commensurate with the expected term of the stock option awards. The Company determines the expected volatility based on the historical volatilities of its peer group, as it does not have a trading history for its shares. Industry peers consist of several public companies in the biotechnology industry similar to the Company in size, stage of life cycle, and financial leverage. The Company intends to consistently apply this process using the same or similar public companies until a sufficient amount of historical information regarding the volatility of its own stock price becomes available, or unless circumstances change such that the identified companies are no longer similar to the Company, in which case, more suitable companies whose share prices are publicly available would be utilized in the calculation.

Expected term. The expected term represents the period of time that options are expected to be outstanding. Because the Company does not have historical exercise behavior, it determines the expected term assumption using the simplified method, which is an average of the contractual term of the option and its vesting period.

Expected dividend yield. The Company bases the expected dividend yield assumption on the fact that it has never paid cash dividends and has no present intention to pay cash dividends.

Offering Costs

The Company incurred approximately $2.6 million in costs in 2024 associated with a planned initial public offering which was deemed abandoned in September 2024 and those previously deferred costs during the period were expensed in September 2024. Payments of approximately $2.1 million of these offering costs prior to the abandonment of the planned initial public offering have been presented as financing activities in the accompanying statement of cash flows.

Net Loss Per Common Share

As a result of the Company reported net loss attributable to common stockholders for all periods presented herein, the following common stock equivalents were excluded from the computation of diluted net loss per common share for the nine months ended September 30, 2024 because including them would have been antidilutive:

	SEPTEMBER 30, 2024
Employee stock options	3,480,337
Series A Convertible Preferred Stock	1,349,463
Series A-1 Convertible Preferred Stock	1,109,147
Series B Convertible Preferred Stock	9,025,003
Total common stock equivalents	14,963,950

Segments

The Company's executive management team, as a group, represents the entity's chief operating decision maker. To date, the Company's executive management team has viewed the Company's operations as one segment that includes the research and development efforts of a new generation of cell therapies for patients suffering from cancer and autoimmune diseases. As a result, the financial information disclosed materially represents all the financial information related to the Company's sole operating segment. Substantially all the Company's consolidated operating activities, including its long-lived assets, are located within the United States and considering the Company's pre-revenue operating stage, the Company currently has no concentration exposure to products or customers.

Recently Adopted Accounting Pronouncements

None.

Recently Issued Accounting Pronouncements Not Yet Adopted

In November 2024, the Financial Account Standards Board ("FASB") issued ASU 2024-03, *Income Statement – Disaggregation of Income Statement Expenses (DISE)*, which requires disaggregated disclosure of income statement expenses for public business entities (PBEs). The ASU does not change the expense captions an entity presents on the face of the income statement; rather, it requires disaggregation of certain expense captions into specified categories in disclosures within the footnotes to the financial statements. ASU 024-03 is effective for all PBEs for fiscal years beginning after December 15, 2026, and interim periods within fiscal years beginning after December 15, 2027. The Company is still evaluating the impacts the ASU has on its financial statements.

In March 2024, the FASB issued ASU No. 2024-02, *Codification Improvements—Amendments to Remove References to the Concepts Statements,* which removed references to various FASB Concepts Statements and updates technical corrections such as conforming amendments, clarification to guidance, simplifications to wording or the structure of guidance, and other minor improvements. The new guidance is effective for fiscal years beginning after December 15, 2024. Early adoption is permitted. The Company is still evaluating the impact of this update to its financial statements for annual periods after December 15, 2024.

In December 2023, the FASB issued ASU No. 2023-09, *Improvements to Income Tax Disclosures (Topic 740)* ("ASU 2023-09"). The ASU requires disaggregated information about a reporting entity's effective tax rate reconciliation as well as additional information on income taxes paid. The ASU is effective on a prospective basis for annual periods beginning after December 15, 2024. Early adoption is also permitted for annual financial statements that have not yet been issued or made available for issuance. The Company is currently evaluating the impact of adopting ASU 2023-09.

In November 2023, the FASB issued ASU No. 2023-07, *Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures* ("ASU 2023-07"), which requires public entities to disclose information about their reportable segments' significant expenses and other segment items on an interim and annual basis. Public entities with a single reportable segment are required to apply the disclosure requirements in ASU 2023-07, as well as all existing segment disclosures and reconciliation requirements in ASC 280 on an interim and annual basis. ASU 2023-07 is effective for fiscal years beginning after December 15, 2023, and for interim periods within fiscal years beginning after December 15, 2024, with early adoption permitted. The Company is currently evaluating the impact of adopting ASU 2023-07.

3. PREPAID AND OTHER CURRENT ASSETS

Prepaid and other current assets consisted of the following (in thousands):

	SEPTEMBER 30, 2024	DECEMBER 31, 2023
Prepaid expenses	$ 1,245	$ 1,422
Interest receivable	74	154
Other receivable	—	68
Other	3	6
Prepaid and other current assets	$ 1,322	$ 1,650

4. PROPERTY AND EQUIPMENT, NET

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

	SEPTEMBER 30, 2024	DECEMBER 31, 2023
Lab equipment	$ 4,145	$ 2,861
Manufacturing equipment	3,891	3,891
Office furniture and equipment	358	358
Computer equipment and software	143	143
Total property and equipment	8,537	7,253
Less: accumulated depreciation and amortization	(2,202)	(1,342)
Property and equipment, net	$ 6,335	$ 5,911

Depreciation and amortization expense for the nine months ended September 30, 2024 was approximately $0.9 million.

5. OTHER CURRENT LIABILITIES

Other current liabilities consisted of the following (in thousands):

	SEPTEMBER 30, 2024	DECEMBER 31, 2023
Compensation	$ 4,285	$ 4,055
Accrued development	4,111	2,566
Deposit liability (see Note 9)	—	2,175
Lease liability, short-term	583	457
Deferred grant income (see Note 2)	1,288	—
Accrued expenses	1,272	557
Other current liabilities	$ 11,539	$ 9,810

6. COMMITMENTS AND CONTINGENCIES

Litigation

In the normal course of business, the Company may agree to indemnify third parties with whom it enters into contractual relationships, including vendors, lessors, and parties to other transactions with the Company, with respect to certain matters. The Company has agreed, under certain conditions, to hold these third parties harmless against specified losses, such as those arising from a breach of representations or covenants, other third-party claims that the Company's products when used for their intended purposes infringe the intellectual property rights of such other third parties, or other claims made against certain parties. It is not possible to determine the maximum potential amount of liability under these indemnification obligations due to the Company's limited history of prior indemnification claims and the unique facts and circumstances that are likely to be involved in each particular claim.

From time to time, the Company is subject to various claims that arise in the ordinary course of business. Additionally, the Company may become involved in various legal proceedings in the ordinary course of its business and may be subject to third-party infringement claims. Management believes that any liability of the Company that may arise out of or with respect to these matters will not materially adversely affect the financial position, results of operations, or cash flows of the Company.

License Arrangements and Collaboration Agreements

First UCLA License Agreement

In February 2021, the Company entered into a license agreement (as amended, the "First UCLA License") with the Regents of the University of California (the "University"). Under the First UCLA License, the University granted the Company an exclusive, royalty bearing license, with the right to sublicense through a specified number of tiers, under certain patent rights owned by the University and certain patent rights co-owned by the University and the Seattle Children's Hospital doing business as the Seattle Children's Research Institute (SCRI) and a non-exclusive, royalty-bearing license, with the right to sublicense through a specified number of tiers, under related technical information, in each case related to the Company's CD19/CD20 and TGF-b programs, for the development, use, and sale of products or services associated with certain inventions made in the course of research by the University's Los Angeles campus (UCLA) and SCRI in all fields of use. The licensed territory under the First UCLA License is, with respect to the licensed patents, all territories where such patent rights exist or may come to exist, and with respect to licensed technical information, worldwide.

Under the First UCLA License, the Company made an upfront payment of $12,500, and is obligated to pay a nominal, tiered annual license maintenance fee each year of the term until the Company makes the first commercial sale of a licensed product. Pursuant to the First UCLA License, the Company also issued to the University a specified number of shares of the Company's common stock. Upon the achievement of specified development, regulatory and commercial milestones, the Company is obligated to pay the University one-time milestone payments of up to $4.25 million in the aggregate for each licensed product. The Company has also agreed to pay the University a tiered royalty, subject to certain royalty reductions, low-single digits, or the mid-single digits if the first commercial sale of a licensed product does not occur by a specified date, on worldwide annual net sales of licensed products, and subject to a tiered minimum annual royalty payment of between a low-five figure and a low-six figure amount. The Company also agreed to pay the University a tiered percentage of any sublicense revenue in the low-double digits. As of September 30, 2024, the Company has paid UCLA an aggregate of $0.7 million under the terms of the First UCLA License.

Second UCLA License Agreement

In March 2021, the Company entered into a license agreement (as amended, the "Second UCLA License") with the University. Under the Second UCLA License, the University granted the Company an exclusive, royalty-bearing license, with the right to sublicense through a specified number of tiers, under certain patent rights owned by the University and a non-exclusive, royalty- bearing license, with the right to sublicense through a specified number of tiers, under related technical information, in each case related to the Company's TGF-b program and other technologies we may choose to develop, for the development, use, and sale of products or services associated with certain inventions made in the course of research by UCLA, in all fields of use. The licensed territory under the Second UCLA License is, with respect to the licensed patents, as amended by the second amendment as described below, the United States, Canada and Europe, and with respect to licensed technical information, worldwide.

Under the Second UCLA License, the Company paid the University an upfront license issue fee of $12,500, and is obligated to pay a nominal, tiered annual license maintenance fee each year of the term until the Company makes the first commercial sale of a licensed product. Pursuant to the First UCLA License, the Company also issued to the University a specified number of shares of the Company's common stock. Upon the achievement of specified development, regulatory and commercial milestones, the Company is obligated to pay the University one-time milestone payments of up to $4.25 million in the aggregate for each licensed product. The Company has also agreed to pay the University a tiered royalty, subject to certain royalty reductions, in the low-single digits, or the mid-single digits if the first commercial sale of a licensed product does not occur by a specified date, on worldwide annual net sales of licensed products, and subject to a tiered minimum annual royalty payment of between a low-five figure and a low-six figure amount. The Company is also obligated to pay the University a tiered percentage of any sublicense revenue in the low-double digits. As of September 30, 2024, the Company has paid UCLA an aggregate of $0.4 million under the terms of the Second UCLA License.

Bioheng Collaboration

In October 2023, the Company contracted Bioheng to investigate the potential of IMPT-514 in patients with additional autoimmune diseases. Bioheng will perform certain manufacturing, clinical trial management and other activities for this study that are reimbursed on a cost plus basis. Additionally, Bioheng is able to earn milestone payments of up to $1.0 million, which will be paid based on the achievement of predefined milestones. During the nine months ended September 30, 2024, the Company did not make any advance payments. During the year ended December 31, 2023, the Company made advance payments of $0.8 million, which will be used by Bioheng to fund initial expenses incurred.

7. CONVERTIBLE PREFERRED STOCK

In March and April 2024, in connection with the Series B Preferred Stock Purchase Agreement, the Company and certain investors executed an agreement under which the Company sold an additional tranche of 1,922,183 shares of its Series B Convertible Preferred Stock at a purchase price of $15.6073 per share for aggregate gross proceeds of $30.0 million, and amended and restated its existing Amended and Restated Certificate of Incorporation, in order to, among other things, (i) increase the number of authorized shares of common stock of the Company to 18,707,819, and (ii) increase the number of authorized shares of convertible preferred stock of the Company to 11,541,249.

Convertible preferred stock outstanding as of September 30, 2024 and December 31, 2023, consisted of the following:

September 30, 2024:

	SHARES AUTHORIZED	SHARES ISSUED AND OUTSTANDING	ISSUANCE PRICE PER SHARE	CARRYING VALUE (IN THOUSANDS)	LIQUIDATION PREFERENCE (IN THOUSANDS)
Series A	1,349,463	1,349,463	$ 13.5239	$ 18,240	$ 24,386
Series A-1	1,109,147	1,109,147	13.5239	14,916	18,883
Series B	9,082,639	9,025,003	15.6073	140,013	166,196
Total	11,541,249	11,483,613		$ 173,169	$ 209,465

December 31, 2023:

	SHARES AUTHORIZED	SHARES ISSUED AND OUTSTANDING	ISSUANCE PRICE PER SHARE	CARRYING VALUE (IN THOUSANDS)	LIQUIDATION PREFERENCE (IN THOUSANDS)
Series A	1,349,463	1,349,463	$ 13.5239	$ 18,240	$ 23,290
Series A-1	1,109,147	1,109,147	13.5239	14,916	17,982
Series B	7,102,820	7,102,820	15.6073	110,142	128,253
Total	9,561,430	9,561,430		$ 143,298	$ 169,525

The holders of Series A, Series A-1, and Series B Convertible Preferred Stock have various rights, preferences and privileges as follows:

Voting—Each share of convertible preferred stock has voting rights equal to an equivalent number of shares of common stock into which it is convertible and votes together as one class with the common stock, except as below:

(i) Holders of the Series A and Series A-1 Convertible Preferred Stock are entitled to elect, voting together as a single class and on an as-converted basis, two members to the Company's board of directors (the "Board of Directors"). Holders of the Series B Convertible Preferred Stock are entitled to elect, voting as a separate class, three members to the Company's Board of Directors.

(ii) Holders of the common stock are entitled to elect, exclusively voting separately as a separate class, two members to the Board of Directors.

(iii) The balance of the total number of directors of the Company shall be elected by the holders of common stock and Preferred Stock, voting together as a single class.

Dividends—The holders of Series A, Series A-1, and Series B Convertible Preferred Stock shall be entitled to receive, out of any funds legally available, cumulative dividends prior and in preference to any dividends paid on the common stock, at the rate of 8.0% of the purchase price per share per annum, as adjusted for stock splits, stock dividends, combinations, recapitalizations, and similar transactions, when, as and if declared by the Board of Directors. After payment of such dividends on the Series A, Series A-1, and Series B Convertible Preferred Stock, any additional dividends or distributions shall be distributed among all holders of common stock in proportion to the number of shares of common stock that would be held by each such holder if all shares of convertible preferred stock were converted to common stock at the then-effective conversion rate. No dividends have been declared or paid on the Company's convertible preferred stock.

Liquidation Preference—In the event of any voluntary or involuntary liquidation, dissolution or winding up of the Company (the "Liquidation") or a Deemed Liquidation Event (as defined below), the holders of shares of convertible preferred stock then outstanding shall be entitled to be paid an amount per share equal to the greater of:

(i) the applicable original issue price thereof, plus any accruing dividends accrued but unpaid thereon, whether or not declared, together with any other dividends declared but unpaid thereon; or

(ii) such amount as would have been payable had all shares of preferred stock been converted to shares of common stock immediately prior to such liquidation, dissolution, winding up or Deemed Liquidation Event (as defined below) of the Company.

Each of the following events are considered to be a "Deemed Liquidation Event" unless the "Requisite Holders (as defined below)" elect otherwise:

(i) A merger, reorganization or consolidation in which a) the Company is a constituent party or b) a subsidiary of the Company is a constituent party and the Company issues shares of its capital stock pursuant to such merger or consolidation, except any such merger, reorganization or consolidation involving the Company or a subsidiary in which the shares of capital stock of the Company outstanding immediately prior to such merger, reorganization or consolidation continue to represent, or are converted into or exchanged for shares of capital stock that represent, immediately following such merger or consolidation, a majority, by voting power, of the capital stock of (1) the surviving or resulting corporation; or (2) if the surviving or resulting corporation is a wholly owned subsidiary of another corporation immediately following such merger or consolidation, the parent corporation of such surviving or resulting Company.

(ii) A sale, lease, transfer, exclusive license or other disposition of all or substantially all of the assets of the Company.

If upon any such liquidation, dissolution or winding up of the Company or Deemed Liquidation of the Company, the assets of the Company legally available for distribution to the holders of convertible preferred stock are insufficient to permit the payment to such holders of the full amounts specified above, then the entire assets of the Company legally available for distribution shall be distributed with equal priority and pro rata among the holders of convertible preferred stock in proportion to the full amounts they would otherwise be entitled to receive. The Company evaluates Series A, Series A-1, and Series B Convertible Preferred Stock, which contain redemption rights, to determine whether such rights are within the control of the holder or subject to redemption upon the occurrence of uncertain events that are not solely within the Company's control. The Company concluded that a redemption upon the occurrence of a Deemed Liquidation Event is not solely within the Company's control and is, therefore, presented as mezzanine equity, separately from permanent equity.

In the event of any voluntary or involuntary liquidation, dissolution or winding up of the Company, after the payment in full of all convertible preferred stock liquidation preference amounts required to be paid to the holders of shares of convertible preferred stock, the remaining assets of the Company available for distribution to its stockholders or, in the case of a Deemed Liquidation Event, the consideration not payable to the holders of shares of convertible preferred stock or the remaining proceeds available for distribution after satisfying the Liquidation Preference, as the case may be, shall be distributed among the holders of shares of common stock, pro rata based on the number of shares held by each such holder.

Redemption—Series A, Series A-1, and Series B of Convertible Preferred Stock are not redeemable.

Conversion—Each share of convertible preferred stock is convertible, at the option of the holder, at any time, into that number of fully-paid, nonassessable shares of common stock determined by dividing the original issue price for the relevant series of convertible preferred stock by the Conversion Price (as defined below) for such series. The number of shares of common stock into which each share of convertible preferred stock of a series may be converted is referred to as the "Conversion Rate" for each such series.

The Conversion Price per share for Series A and Series A-1 is $13.5239, and for Series B is $15.6073, in each case subject to adjustment from time to time for any stock dividend, stock split, combination or other similar recapitalization (further referred to "as adjusted").

Upon any decrease or increase in the conversion price for any series of convertible preferred stock, the Conversion Rate for such series shall be appropriately increased or decreased. As of September 30, 2024 and December 31, 2023, all of the shares of convertible preferred stock convert on a one-to-one basis to shares of common stock (the "Conversion Rate").

Each share of convertible preferred stock shall automatically be converted into fully-paid, non-assessable shares of common stock at the then effective Conversion Rate for such share:

(i) upon the closing of a firm commitment underwritten initial public offering pursuant to an effective registration statement filed under the Securities Act of 1933, as amended, covering the offer and sale of the Company's common stock at a price per share of at least three times the Series B Original Issue Price (as adjusted for stock splits, stock dividends, recapitalizations and other recapitalization events hereunder), provided that the aggregate gross proceeds to the Company are not less than $75.0 million, or

(ii) the date and time, or the occurrence of an event, specified by vote or written consent of the holders of a majority of the preferred stock then outstanding (voting as a single class and on an as-converted basis) (the "Requisite Holders").

8. COMMON STOCK

Pursuant to the Fourth Certificate of Amendment to Amended and Restated Certificate of Incorporation, the Company is authorized to issue 18,707,819 shares of common stock, par value $0.0001 per share. As of September 30, 2024 and December 31, 2023, there were 3,236,031 and 3,231,325 shares of common stock issued and outstanding, respectively.

As of September 30, 2024 and December 31, 2023, the Company had reserved authorized shares of common stock for future issuance for purposes of satisfying conversion of convertible preferred stock and the exercise and future grant of common stock options were as follows:

	SEPTEMBER 30, 2024	DECEMBER 31, 2023
Common stock options issued and outstanding	3,480,337	3,367,539
Conversion of outstanding Series A Convertible Preferred Stock	1,349,463	1,349,463
Conversion of outstanding Series A-1 Convertible Preferred Stock	1,109,147	1,109,147
Conversion of outstanding Series B Convertible Preferred Stock	9,025,003	7,102,820
Total common shares reserved for future issuance	14,963,950	12,928,969

9. STOCK-BASED COMPENSATION

Equity Incentive Plans

In August 2020, the Company adopted the 2020 Employee Stock Option Plan, which was further amended effective December 2023 to increase the number of shares of common stock reserved for issuance under the plan by 85,000 shares. Prior to the 2020 Employee Stock Option Plan, the Company issued stock options under the 2017 Employee Stock Option Plan.

The Plan authorizes grants of options for up to 3,921,211 shares of common stock. Stock options must be granted with an exercise price equal to the stock's fair market value at the date of grant. Stock options generally have 10-year terms and vest over a four-year period starting from the date specified in each agreement. At September 30, 2024 and December 31, 2023, there were options for 376,477 and 228,158 shares, respectively, available for the Company to grant under the Plan.

In March 2023, the Company's Board of Directors approved a repricing of 2,640,762 outstanding stock options for current employees and board members who had received stock option awards with an original exercise price above $3.91. All such grants were modified to be repriced with an exercise price of $3.91. All other terms were left unchanged. The total incremental stock-based compensation expense associated with the modification of these options was $1.9 million. The incremental expense as a result of the repricing was recognized immediately for vested awards in the amount of $0.4 million, and the incremental expense for the unvested awards from the date of the repricing will be recognized over the remaining requisite service period of approximately 2.8 years. The stock option repricing was accounted for as a modification under ASC 718.

Stock Options

Subject to the terms of the 2020 and 2017 Employee Stock Option Plans (the "Plan"), the Board of Directors may grant nonstatutory stock options to purchase shares of the Company's common stock to outside directors or service providers and either nonstatutory or incentive stock options to purchase shares of the Company's common stock to employees.

Option Awards Activity

A summary of the Company's stock option activity and related information under the Plan is as follows:

	OPTIONS OUTSTANDING	WEIGHTED-AVERAGE EXERCISE PRICE	WEIGHTED-AVERAGE REMAINING CONTRACTUAL TERM (YEARS)	AGGREGATE INTRINSIC VALUE (IN THOUSANDS)
Outstanding at December 31, 2023	3,367,539	$ 3.85	8.52	$ 201
Granted	416,864	$ 4.24		
Exercised	(4,706)	2.66		
Forfeited	(270,005)	4.01		
Expired	(29,355)	4.07		
Outstanding at September 30, 2024	3,480,337	$ 3.89	7.69	$ 1,836
Exercisable at September 30, 2024	1,900,456	$ 3.81	7.04	$ 1,162

The intrinsic values are calculated as the difference between the fair value of the Company's common stock and the exercise price of the stock options. As of September 30, 2024, unrecognized stock-based compensation expense, including repriced options, was approximately $7.4 million, of which there was $0.1 million related to performance-based stock options subject to performance conditions. We expect to recognize these expenses over the weighted-average remaining requisite service period of approximately 2.0 years.

Stock-based compensation expense for the nine months ended September 30, 2024 was approximately $4.9 million.

The total fair value of stock options granted during the nine months ended September 30, 2024 was approximately $1.3 million. The weighted-average assumptions for stock options issued for the nine months ended September 30, 2024 were as follows:

	NINE MONTHS ENDED SEPTEMBER 30, 2024
Risk-free interest rate	4.3 %
Expected term (years)	6.0
Expected volatility	96.2 %
Expected dividend yield	0.0 %
Fair value of common stock	$ 4.26

Restricted Shares

On July 7, 2021 (the "Closing Date"), the Company completed the acquisition of Kalthera, a biotechnology company that is currently progressing with certain clinical trials at the University of California, Los Angeles ("UCLA") Jonsson Comprehensive Cancer Center, whereby it acquired all of the outstanding shares of Kalthera in exchange for issuing 2,230,286 shares of Common Stock of the Company (the "Consideration Shares") to the former shareholders of Kalthera, with the aggregate acquisition-date fair value of $23.5 million (or $10.52 per share), which was determined to be an asset acquisition. Upon closing of the acquisition, certain former shareholders of Kalthera became employees and/or consultants of the Company. A total of 1,417,877 shares of Common Stock shares were issued to such former shareholders as part of the Consideration Shares that were subject to vesting over a three-year period following the

Closing Date (the “Restricted Shares”), with such vesting contingent on the holders’ continuing their employment or consulting relationship with the Company. As these restricted shares have been issued and have voting rights, all such shares are considered to be legally issued and outstanding as of the date of issuance. There were 206,776 Restricted Shares that vested during the nine months ended September 30, 2024. If such former shareholder’s employment or consulting relationship is terminated prior to vesting, all of the then unvested Restricted Shares may be repurchased by the Company at the lower of (i) $13.5239, or (ii) the fair market value per share of such unvested Restricted Shares as of the date of repurchase. In certain circumstances, if an employee or consultant is terminated by the Company without cause, or resigns for good reason, the unvested Restricted Shares will vest immediately upon such termination. The Company recorded a liability for the potential obligation to repurchase the unvested shares of $14.9 million as of the Closing Date. As the Restricted Shares vest, the liability will be reduced, as the Company will no longer have the obligation to settle those shares. The remaining liability is included in other current liabilities and was $0 and $2.2 million as of September 30, 2024 and December 31, 2023, respectively.

Issuance of the Restricted Shares upon the acquisition of Kalthera was considered to represent an in-substance issuance and an early exercise of outstanding options to purchase 1,417,877 shares of the Company’s common stock (the “Kalthera Options”) which vest over the three-year period following the Closing Date. The issuance date fair value of Kalthera Options was $5.8 million, which was calculated using the Black-Scholes option pricing model with the following assumptions:

Risk-free interest rate	0.1 %
Expected term (years)	1.5
Expected volatility	97.5 %
Expected dividend yield	0.0 %

Because the vesting is contingent upon the former shareholders’ continued employment or consulting relationship, Kalthera Options are considered to be a post-combination compensation expense rather than part of the purchase consideration. Accordingly, the fair value of Kalthera Options of $5.8 million is recognized as stock-based compensation expense over the three-year vesting term, commencing on the Closing Date.

Stock-Based Compensation Expense

Stock-based compensation expense that has been included in the Company’s statement of operations and comprehensive loss for all stock-based compensation arrangements for the nine months ended September 30, 2024 was as follows (in thousands):

	NINE MONTHS ENDED SEPTEMBER 30, 2024
Research and development expenses	$ 2,151
General and administrative expenses	2,703
Total stock-based compensation expense	$ 4,854

For the nine months ended September 30, 2024, approximately $0.8 million of research and development stock-based compensation cost related to Kalthera Options.

10. INCOME TAXES

For the nine months ended September 30, 2024, the Company did not record an income tax provision. The Company continues to maintain a 100% valuation allowance on total deferred tax assets. The Company believes it is more likely than not that the related deferred tax asset will not be realized. As a result, the Company’s effective tax rate will remain at 0% because there are no estimated or discrete items that would impact the tax provision.

11. SUBSEQUENT EVENTS

The Company has evaluated subsequent events occurring between the end of the most recent fiscal year and through January 10, 2025, the date the accompanying unaudited condensed consolidated financial statements were available to be issued. On October 31, 2024, Lyell Immunopharma, Inc. completed an acquisition of the Company by acquiring all outstanding equity interests of the Company in exchange for an upfront payment of $30.0 million in cash (as adjusted by approximately $12.0 million for the Company's existing cash balance) and 37.5 million shares of Common Stock of Lyell Immunopharma, Inc. Contingent consideration payable following the closing date includes (a) additional equity consideration of 12.5 million shares of Common Stock of Lyell Immunopharma, Inc. that may be earned upon the achievement of the earlier to occur of (i) the demonstration of certain clinical milestones or (ii) the receipt of certain regulatory approvals, and (b) a low single-digit royalty on future net sales of the dual-targeting CD19/20 CAR T-cell product in the United States.

Lyell Immunopharma, Inc.
Unaudited Pro Forma Condensed Combined Financial Information

Summary of Transaction

On October 31, 2024 (the "Closing Date"), Lyell Immunopharma, Inc., a Delaware corporation (the "Company" or "Lyell"), completed its previously announced acquisition (the "Acquisition") of ImmPACT Bio USA Inc., a Delaware corporation ("ImmPACT"), pursuant to the Agreement and Plan of Merger (the "Merger Agreement"), dated as of October 24, 2024, by and among the Company, ImmPACT, Inspire Merger Sub Inc., a Delaware corporation and an indirect, wholly owned subsidiary of the Company ("Merger Sub"), and WT Representative LLC, a Delaware limited liability company, solely in its capacity as the representative, agent and attorney-in-fact of ImmPACT securityholders.

Pursuant to the terms of the Merger Agreement, on the Closing Date, the Company acquired all of the outstanding equity interests of ImmPACT in exchange for an upfront payment of $30.0 million in cash (as adjusted by approximately $12.0 million for ImmPACT's existing cash balance) and 37.5 million shares of the Company's common stock, par value $0.0001 ("Company Common Stock"). The acquisition was effected via a merger whereby Merger Sub merged with and into ImmPACT (the "Merger"), with ImmPACT surviving the merger as an indirect, wholly-owned subsidiary of the Company. Contingent consideration payable following the Closing Date includes (a) additional equity consideration of 12.5 million shares of Company Common Stock that may be earned upon the achievement of the earlier to occur of (i) the demonstration of certain clinical milestones or (ii) the receipt of certain regulatory approvals, and (b) a low single-digit royalty on future net sales of the dual-targeting CD19/20 CAR T-cell product in the United States.

The foregoing description of the Acquisition is qualified in its entirety by reference to the full text of the Merger Agreement, which was filed as Exhibit 2.1 to the Company's Current Report on Form 8-K on October 24, 2024.

Pro Forma Information

The pro forma financial information has been prepared in accordance with Regulation S-X Article 11, Pro Forma Financial Information, as amended by the final rule, Release No. 33-10786, which is referred to herein as Article 11.

The unaudited pro forma condensed combined balance sheet as of September 30, 2024 and the unaudited pro forma condensed combined statements of operations for the year ended December 31, 2023 and for the nine months ended September 30, 2024 are based on the historical financial statements of the Company and ImmPACT after giving effect to the Acquisition and the assumptions and adjustments described in the accompanying notes to the unaudited pro forma condensed combined financial information.

The unaudited pro forma condensed combined balance sheet as of September 30, 2024 is presented as if the Acquisition had occurred on that date. The unaudited pro forma condensed combined statements of operations for the year ended December 31, 2023 and for the nine months ended September 30, 2024 are presented as if the Acquisition had occurred on January 1, 2023.

The unaudited pro forma condensed combined financial information have been prepared for informational purposes only and are not necessarily indicative of what the Company's condensed financial position or results of operations would have been had the Acquisition been consummated on or prior to September 30, 2024. In addition, the unaudited pro forma condensed combined financial information do not purport to project the future financial position or operating results of the Company.

The unaudited pro forma condensed combined financial information is based on the assumptions and adjustments made by management, described in the accompanying notes. Accordingly, the pro forma adjustments are preliminary, subject to further revision as additional information becomes available and additional analyses are performed and have been made solely for the purpose of providing unaudited pro forma condensed combined financial information. The unaudited pro forma condensed combined financial information does not give effect to the potential impact of current financial conditions, regulatory matters, operating efficiencies or other savings or expenses that may be associated with the integration of ImmPACT into the Company, does not purport to represent the actual results of operations that the Company and ImmPACT would have achieved had the Acquisition closed during the periods presented, and is not intended to project the future results of operations that the combined company may achieve after the Acquisition.

The unaudited pro forma condensed combined financial information is based on the preliminary information available and management's preliminary valuation of the fair value of tangible and intangible assets acquired and liabilities assumed, and the preliminary value of the consideration transferred. The actual accounting may vary based on final analyses of the valuation of assets acquired and liabilities assumed, which could be material.

The unaudited pro forma condensed combined financial information should be read in conjunction with the Company's historical consolidated financial statements and notes thereto and other financial information pertaining to the

Company contained in its Annual Report on Form 10-K for the year ended December 31, 2023, which was filed with the Securities and Exchange Commissions (“SEC”) on February 28, 2024; the Company’s historical condensed consolidated financial statements and notes thereto contained in the Company’s Quarterly Report on Form 10-Q for the quarter ended September 30, 2024, which was filed with the SEC on November 7, 2024; the historical audited financial statements of ImmPACT as of and for the year ended December 31, 2023 included in Exhibit 99.1 to this Form 8-K/A; and the historical unaudited financial statements of ImmPACT as of and for the nine months ended September 30, 2024 included in Exhibit 99.2 to this Form 8-K/A.

Lyell Immunopharma, Inc.

Unaudited Pro Forma Condensed Combined Balance Sheet

As of September 30, 2024

(in thousands)

	Lyell Historical	ImmPACT Historical	Pro Forma Adjustments	Note 3	Pro Forma Combined
ASSETS					
Current assets:					
Cash and cash equivalents	$ 100,299	$ 23,076	$ (44,878)	**(A)**	$ 78,497
Marketable securities	340,248	—	—		340,248
Prepaid expenses and other current assets	9,498	1,322	—		10,820
Restricted cash	—	410	—		410
Total current assets	450,045	24,808	(44,878)		429,975
Restricted cash, non-current	288	988	—		1,276
Marketable securities, non-current	20,112	—	—		20,112
Other investments	19,000	—	—		19,000
Property and equipment, net	88,047	6,335	(1,622)	**(B)**	92,760
Operating lease right-of-use assets	36,662	6,632	(4,598)	**(C)**	38,696
Other non-current assets	5,061	459	—		5,520
Intangible assets	—	—	1,372	**(D)**	1,372
Total assets	$ 619,215	$ 39,222	$ (49,726)		$ 608,711
LIABILITIES, CONVERTIBLE PREFERRED STOCK AND STOCKHOLDERS' EQUITY					
Current liabilities:					
Accounts payable	$ 3,596	$ 5,275	$ —		$ 8,871
Accrued liabilities and other current liabilities	29,009	11,539	5,415	**(E)**	45,963
Success payment liabilities	907	—	—		907
Total current liabilities	33,512	16,814	5,415		55,741
Operating lease liabilities, non-current	51,441	1,632	—		53,073
Other non-current liabilities	3,565	—	—		3,565
Equity milestone liability	—	—	11,404	**(F)**	11,404
Total liabilities	88,518	18,446	16,819		123,783
Temporary equity:					
Legacy ImmPACT convertible preferred stock	—	173,169	(173,169)	**(G)**	—
Stockholders' equity:					
Preferred stock	—	—	—		—
Common stock	26	—	4	**(H)**	30
Legacy ImmPACT common stock	—	—	—		—
Additional paid-in capital	1,683,082	45,437	(9,440)	**(I)**	1,719,079
Accumulated deficit	(1,153,171)	(197,830)	116,060	**(J)**	(1,234,941)
Accumulated other comprehensive income	760	—	—		760
Total stockholders' equity (deficit)	530,697	(152,393)	106,624		484,928
Total liabilities, convertible preferred stock and stockholders' equity	$ 619,215	$ 39,222	$ (49,726)		$ 608,711

See the accompanying Notes.

Lyell Immunopharma, Inc.

Unaudited Pro Forma Condensed Combined Statement of Operations

For the nine months ended September 30, 2024

(in thousands, except per share amounts)

	Lyell Historical	ImmPACT Historical	Pro Forma Adjustments	Note 3	Pro Forma Combined
Revenue	$ 50	$ —	$ —		$ 50
Operating expenses:					
Research and development	122,935	45,996	(2,704)	**(AA)**	166,227
General and administrative	37,519	16,995	(2,840)	**(BB)**	51,674
Other operating income, net	(2,796)	—	—		(2,796)
Total operating expenses	157,658	62,991	(5,544)		215,105
Loss from operations	(157,608)	(62,991)	5,544		(215,055)
Interest income, net	19,148	1,250	—		20,398
Other income, net	402	707	—		1,109
Impairment of other investments	(13,001)	—	—		(13,001)
Total other income, net	6,549	1,957	—		8,506
Net loss	$ (151,059)	$ (61,034)	$ 5,544		$ (206,549)
Net loss per common share, basic and diluted	$ (0.59)				$ (0.71)
Weighted-average shares used to compute net loss per common share, basic and diluted	255,323		37,500	**(CC)**	292,823

See the accompanying Notes.

Exhibit 99.3

Lyell Immunopharma, Inc.

Unaudited Pro Forma Condensed Combined Statement of Operations

For the year ended December 31, 2023

(in thousands, except per share amounts)

	Lyell Historical	ImmPACT Historical	Pro Forma Adjustments	Note 3	Pro Forma Combined
Revenue	$ 130	$ —	$ —		$ 130
Operating expenses:					
Acquired in-process research and development	—	—	81,770	**(DD)**	81,770
Research and development	182,945	43,980	(3,288)	**(EE)**	223,637
General and administrative	66,983	18,856	(3,943)	**(FF)**	81,896
Other operating income, net	(2,790)	—	—		(2,790)
Total operating expenses	247,138	62,836	74,539		384,513
Loss from operations	(247,008)	(62,836)	(74,539)		(384,383)
Interest income, net	23,453	2,841	—		26,294
Other income, net	1,846	1,091	—		2,937
Impairment of other investments	(12,923)	—	—		(12,923)
Total other income, net	12,376	3,932	—		16,308
Net loss	$ (234,632)	$ (58,904)	$ (74,539)		$ (368,075)
Net loss per common share, basic and diluted	$ (0.93)				$ (1.28)
Weighted-average shares used to compute net loss per common share, basic and diluted	250,983		37,500	**(GG)**	288,483

See the accompanying Notes.

Lyell Immunopharma, Inc.

Notes to Unaudited Pro Forma Condensed Combined Financial Information

1. Summary of Transaction and Basis of Presentation

Summary of Transaction

On October 31, 2024 (the “Closing Date”), Lyell Immunopharma, Inc., a Delaware corporation (“Lyell” or the “Company”), completed its previously announced acquisition (the “Acquisition”) of ImmPACT Bio USA Inc., a Delaware corporation (“ImmPACT”), pursuant to the Agreement and Plan of Merger (the “Merger Agreement”), dated as of October 24, 2024, by and among the Company, ImmPACT, Inspire Merger Sub Inc., a Delaware corporation and an indirect, wholly owned subsidiary of the Company, and WT Representative LLC, a Delaware limited liability company, solely in its capacity as the representative, agent and attorney-in-fact of ImmPACT security holders.

The foregoing description of the Acquisition is qualified in its entirety by reference to the full text of the Merger Agreement, which was filed was Exhibit 2.1 to the Company’s Current Report on Form 8-K on October 24, 2024.

Basis of Presentation

The unaudited pro forma condensed combined financial information has been prepared in accordance with Article 11, Regulation S-X, as amended. The adjustments presented in the unaudited pro forma condensed combined financial information have been identified and presented to provide relevant information necessary for an understanding of the combined company after the consummation of the Acquisition and related transactions. The financial statements included in the unaudited pro forma condensed combined financial information have been prepared in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”).

The proforma information have been prepared with the expectation that the acquisition of ImmPACT being accounted for as an asset acquisition, with the Company treated as the accounting acquirer. To determine the accounting for this transaction under U.S. GAAP, a Company must assess whether an integrated set of assets and activities should be accounted for as an acquisition of a business or an asset acquisition. In accordance with the Financial Accounting Standards Board’s Accounting Standards Codification (“ASC”) Topic 805, Business Combinations, the Company first evaluated an initial screen test to determine if substantially all of the fair value of the gross assets acquired is concentrated in a single asset or group of similar assets. The Company concluded that substantially all of the fair value of the gross assets being acquired is concentrated within ImmPACT’s in-process research and development (“IPR&D”), specifically IMPT-314. Accordingly, the transaction is expected to be treated as an asset acquisition.

Under the asset acquisition method of accounting, consideration is allocated to the assets acquired on a relative fair value basis, no goodwill is recorded, and all direct acquisition costs are included in the total consideration transferred. Any acquired IPR&D with no future alternative use is expensed at the closing of the Acquisition.

The pro forma adjustments are preliminary and are based upon available information and certain assumptions which management believes are reasonable under the circumstances and which are described in the accompanying notes to the unaudited pro forma condensed combined financial information. The pro forma adjustments reflecting the consummation of the Acquisition and related transactions are based on certain currently available information and certain assumptions and methodologies that the Company believes are reasonable under the circumstances. The pro forma adjustments, which are described in the accompanying notes, may be revised when the final purchase price has been determined, detailed valuations and other calculations deemed necessary have been completed. Therefore, when the actual amounts are recorded, they may differ materially from the information presented in this unaudited condensed combined pro forma information.

The unaudited pro forma condensed combined financial information does not give effect to the potential impact of current financial conditions, regulatory matters, anticipated synergies, operating efficiencies, tax savings, or other savings or expenses that may be associated with the integration of the two companies and does not claim to represent the actual results of operations that the Company and ImmPACT would have achieved had the companies been combined during the periods presented and is not intended to project the future results of operations that the combined company may achieve after the Acquisition.

2. Preliminary Purchase Consideration and Allocation

Purchase Consideration

The estimated fair value of the consideration transferred, inclusive of the transaction costs incurred by the Company in connection with the asset acquisition is approximately $93.7 million, and is comprised of the following components (in thousands):

Cash consideration	$	42,113
Fair value of Common Stock Consideration		36,000
Fair value of Equity Milestone Payment		11,404
Estimated direct transaction costs		4,215
Total purchase consideration	**$**	**93,732**

The preliminary fair value of the consideration transferred was calculated based on the following assumptions:

- *Cash consideration:* Represents the amount of cash paid, inclusive of $0.2 million paid to the sellers' representative, by the Company on the Closing Date pursuant to the terms of the Merger Agreement.
- *Common Stock Consideration (the "Common Stock Consideration"):* Issuance of 37.5 million shares of the Company's common stock issued to the pre-Merger equity holders of ImmPACT. The fair value per share was determined based on the closing stock price of the Company's common stock on the Nasdaq Global Market on October 31, 2024, which was $0.96 per share.
- *Fair value of Equity Milestone Payment:* Pursuant to the terms of the Merger Agreement, the Company will issue 12.5 million additional shares of the Company's common stock (the "Equity Milestone Payment") to be earned upon achievement of certain milestones, as described on the Merger Agreement. The fair value of Equity Milestone Payment was derived based on certain valuation inputs, including the closing share price of Lyell common stock on October 31, 2024 and the probability of meeting the milestone. Pursuant to the terms of the Merger Agreement, the Company has a right to offset and cause the sellers to forfeit shares underlying the Equity Milestone Payment against certain indemnification claims and indemnifiable losses. As a result of this provision, the number of shares underlying the Equity Milestone Payment is not fixed and the Company has concluded that the arrangement is not indexed to the Company's own equity pursuant to guidance in ASC 815-40. Accordingly, the Company has concluded that the Equity Milestone Payment is classified as a liability, subject to be remeasured at fair value at each reporting date with changes in fair value reported in earnings until the liability is settled in accordance with the terms of the Merger Agreement.
- *Estimated direct transaction costs*: Represents the estimated transaction costs, primarily legal and advisory services, incurred by the Company through the closing of the transaction. The Company had incurred approximately $0.1 million as of September 30, 2024, with the remaining estimated transaction expenses of $4.1 million incurred subsequent to September 30, 2024. Because the transaction costs are a component of the total cost of the acquisition and allocated amongst acquired assets instead of directly expensed, the estimated transaction costs are reflected as an adjustment in the unaudited pro forma condensed combined balance sheet without a corresponding adjustment to the unaudited pro forma condensed combined statement of operations.

The Company is also contingently obligated to make certain royalty payments, commencing on the first commercial sale of applicable IMPT-314 product in the United States. The Company will only recognize such payments when such amounts become due and payable and any potential value relating to the royalty payments is excluded from the table above.

Purchase Price Allocation

Fair value of the net assets acquired based upon the net assets as of September 30, 2024, are as follows (in thousands):

Assets acquired:		
Cash and cash equivalents	$	20,310
Prepaid expenses and other current assets		1,322
Restricted cash, current		410
Property and equipment, net		4,713
Operating lease right-of-use assets		2,034
Restricted cash		988
Other non-current assets		459
Acquired IPR&D		81,770
Assembled workforce		1,372
Total assets acquired	$	113,378
Liabilities assumed:		
Accounts payable	$	5,275
Accrued liabilities and other current liabilities		12,739
Operating lease liabilities, non-current		1,632
Total liabilities assumed	$	19,646
Net assets acquired	$	93,732

The allocation of the estimated purchase consideration is based on a preliminary estimate of the fair value of the assets acquired and liabilities assumed as of the closing date of the Transaction.

The Company has preliminarily concluded that the useful life of the assembled workforce intangible asset is one year, and the amortization of the intangible asset is reflected as an adjustment to research and development expenses and general and administrative expenses in the unaudited pro forma condensed combined statement of operations for the year ended December 31, 2023.

These preliminary estimates of fair value and estimated useful lives may differ from final amounts the Company will calculate after completing a detailed valuation analysis, and the difference could have a material effect on the accompanying unaudited pro forma condensed combined financial information.

3. Pro Forma Adjustments

Adjustments included in the column under the heading "Pro Forma Adjustments" are primarily based on information contained in the Merger Agreement and other related agreements.

The pro forma adjustments included in the unaudited pro forma condensed combined balance sheet as of September 30, 2024, are as follows (in thousands):

(A) Reflects adjustments to cash and cash equivalents, for payments made or received by the Company as part of the Acquisition, estimated as follows:

Cash paid to purchase ImmPACT pursuant to the terms of the Merger Agreement	$	(42,113)
Cash paid by the acquiree for transaction expenses and bonuses[(1)]		(2,765)
Total adjustment	$	(44,878)

(1) At closing, certain transaction expenses and bonuses were paid by ImmPACT, resulting in a reduction in the amount of acquired cash. The amounts reflected in the table above solely relate to the ImmPACT's transaction expenses. The transaction expenses and bonuses were determined to be primarily for the benefit of pre-closing ImmPACT and would not be recognized as post-combination expense by the Company. Additionally, approximately $1.2 million of ImmPACT transaction bonuses were paid subsequent to closing. Such accrued and unpaid transaction bonuses are reflected as an increase to accrued liabilities and other current liabilities in Note 3 (E).

(B) Reflects the adjustment for property and equipment, net to their allocated value:

Eliminate ImmPACT's historical property and equipment, net	$	(6,335)
Allocated fair value of ImmPACT's property and equipment, net		4,713
Total adjustment	$	(1,622)

(C) Reflects the adjustment for operating lease right-of-use assets to their allocated value:

Eliminate ImmPACT's historical operating lease right-of-use assets including tenant improvements	$	(6,632)
Allocated fair value of ImmPACT's operating lease right-of-use assets		2,034
Total adjustment	$	(4,598)

(D) Reflects the adjustment for the relative fair value allocation of the acquired assembled workforce of approximately $1.4 million. Because the IPR&D asset does not have a future alternative use, the consideration allocated to the IPR&D of approximately $81.8 million is reflected as a one-time adjustment in accumulated deficit in Note 3 (J).

(E) Reflects adjustments of approximately $4.2 million of acquisition-related expenses incurred by the Company subsequent to September 30, 2024, and $1.2 million of assumed ImmPACT transaction bonuses unpaid as of September 30, 2024.

(F) Reflects adjustment to record fair value of the Equity Milestone Payment consideration.

(G) Reflects adjustment to eliminate ImmPACT's historical equity balances.

(H) Reflects adjustment to record par value of common stock issued as consideration.

(I) Reflects the adjustment to additional paid-in capital, as follows:

Elimination of ImmPACT's historical additional paid-in capital	$	(45,437)
To record fair value in excess of par for common stock issued as consideration		35,997
Total adjustment	$	(9,440)

(J) Reflects the adjustment to accumulated deficit as follows:

Elimination of ImmPACT's historical accumulated deficit	$	197,830
Expensing of IPR&D asset due to no alternative future use		(81,770)
Total adjustment	$	116,060

The Pro forma adjustments included in the unaudited pro forma condensed combined statement of operations for nine months ended September 30, 2024, are as follows:

(AA) The adjustment to research and development expense consists of the following:

To record the impact of the cancelled ImmPACT stock-based awards in exchange for rights to receive Per Share Additional Consideration	$	(2,151)
To record additional depreciation based on the Company's accounting policy for useful lives		221
To eliminate amortization expense of ImmPACT tenant improvements		(774)
Total adjustment	$	(2,704)

(BB) The adjustment to general and administrative expense consists of the following:

To record the impact of the cancelled ImmPACT stock-based awards in exchange for rights to receive Per Share Additional Consideration	$	(2,704)
To record additional depreciation based on the Company's accounting policy for useful lives		17
To eliminate amortization expense of ImmPACT tenant improvements		(153)
Total adjustment	$	(2,840)

(CC) As part of the Acquisition, the Company issued to ImmPACT security holders approximately 37.5 million shares of the Company's Common Stock.

Given the Company's and ImmPACT's history of net losses and full valuation allowances, Lyell management estimated an annual effective income tax rate of 0.0%. Therefore, the pro forma adjustments to the unaudited pro forma condensed combined statement of operations resulted in no additional income tax adjustments.

Pro forma adjustments included in the unaudited pro forma condensed combined statement of operations for the year ended December 31, 2023:

(DD) As part of the Merger the Company expensed the full amount of the acquired in-process research and development asset.

(EE) The adjustment to research and development expense consists of the following:

To record amortization expense based on the preliminary estimates of fair value for the acquired intangible assets	$	1,183
To record the impact of the cancelled ImmPACT stock-based awards in exchange for rights to receive Per Share Additional Consideration		(3,934)
To record additional depreciation based on the Company's accounting policy for useful lives		495
To eliminate amortization expense of ImmPACT tenant improvements		(1,032)
Total adjustment	$	(3,288)

(FF) The adjustment to general and administrative expense consists of the following:

To record amortization expense based on the preliminary estimates of fair value for the acquired intangible assets	$	189
To record the impact of the cancelled ImmPACT stock-based awards in exchange for rights to receive Per Share Additional Consideration		(3,965)
To record additional depreciation based on the Company's accounting policy for useful lives		37
To eliminate amortization expense of ImmPACT tenant improvements		(204)
Total adjustment	$	(3,943)

(GG) As part of the Merger, the Company issued to ImmPACT securityholders approximately 37.5 million shares of the Company's Common Stock.

Given the Company's and ImmPACT's history of net losses and full valuation allowances, Lyell management estimated an annual effective income tax rate of 0.0%. Therefore, the pro forma adjustments to the unaudited pro forma condensed combined statement of operations resulted in no additional income tax adjustments.

4. **Pro Forma Net Loss Per Share**

For the unaudited pro forma condensed combined statements of operations, the Merger and related transactions are being reflected as if such transactions had occurred as of January 1, 2023. The weighted average shares outstanding for the pro forma basic and diluted net loss per share assumes that the shares issuable relating to the Lyell and related transactions have been outstanding for the entire year ended December 31, 2023.

The unaudited pro forma condensed combined financial information has been prepared for nine months ended September 30, 2024, and for the year ended December 31, 2023 (in thousands, except per share amounts):

Exhibit 99.3

	Nine Months Ended September 30, 2024	Year Ended December 31, 2023
Pro forma net loss	$ (206,549)	$ (368,075)
Weighted-average number of shares outstanding used to compute pro forma net loss per share, basic and diluted	292,823	288,483
Pro forma net loss per share, basic and diluted	$ (0.71)	$ (1.28)
Weighted-average number of shares outstanding used to compute pro forma net loss per share, basic and diluted:		
Lyell historical weighted-average shares outstanding	255,323	250,983
Shares issued in connection with the Acquisition	37,500	37,500
Total weighted-average shares outstanding used to compute pro forma net loss, basic and diluted	292,823	288,483

The following outstanding shares of Lyell common stock equivalents were excluded from the computation of pro forma diluted net loss per share because including them would have had an anti-dilutive effect for the periods below (in thousands):

	Nine Months ended September 30, 2024	Year Ended December 31, 2023
Stock options owned by Lyell employees, including shares subject to its employee stock purchase plan	45,359	55,597
Unvested performance-based restricted stock units	2,703	—
Unvested restricted stock units	4,429	2,073
Shares of the Company’s common stock underlying the Equity Milestone Payment	12,500	12,500
Total	64,991	70,170