UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended September 30, 2022

OR

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

For the transition period from _____ to _____

Commission File Number: 001-39696

COMPASS THERAPEUTICS, INC.
(Exact Name of Registrant as Specified in its Charter)

Delaware	**82-4876496**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**
80 Guest St., Suite 601 Boston, Massachusetts	**02135**
(Address of principal executive offices)	**(Zip Code)**

Registrant's telephone number, including area code: (617) 500-8099

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	CMPX	NASDAQ Capital Market

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

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

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

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

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

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

As of November 7, 2022, the registrant had 126,191,473 shares of common stock, $0.0001 par value per share, outstanding.

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PART I—FINANCIAL INFORMATION

Item 1. Financial Statements

Compass Therapeutics, Inc. and Subsidiaries
Condensed Consolidated Balance Sheets
(In thousands, except par value)

	September 30, 2022 (unaudited)	December 31, 2021 (Note 1)
Assets		
Current assets:		
Cash and cash equivalents	$ 16,481	$ 144,514
Marketable securities	104,121	—
Prepaid expenses and other current assets	1,952	2,591
Total current assets	122,554	147,105
Property and equipment, net	1,708	2,243
Operating lease, right-of-use ("ROU") asset	3,256	4,089
Other assets	320	320
Total assets	$ 127,838	$ 153,757
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	$ 2,761	$ 867
Accrued expenses	5,742	8,775
Operating lease obligations, current portion	1,075	989
Total current liabilities	9,578	10,631
Operating lease obligations, long-term portion	2,144	3,048
Total liabilities	11,722	13,679
Commitments and contingencies (Note 7)		
Stockholders' equity:		
Common stock, $0.0001 par value: 300,000 shares authorized; 101,286 and 101,303 shares issued at September 30, 2022 and December 31, 2021, respectively; 101,032 and 100,832 shares outstanding at September 30, 2022 and December 31, 2021, respectively	10	10
Additional paid-in-capital	377,967	373,657
Accumulated other comprehensive loss	(641)	—
Accumulated deficit	(261,220)	(233,589)
Total stockholders' equity	116,116	140,078
Total liabilities and stockholders' equity	$ 127,838	$ 153,757

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

Compass Therapeutics, Inc. and Subsidiaries
Condensed Consolidated Statements of Operations and Comprehensive Loss
(Unaudited)
(In thousands, except per share data)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	**2021**	**2022**	**2021**
Operating expenses:				
Research and development	$ 9,791	$ 3,154	$ 20,069	$ 10,763
General and administrative	2,807	2,700	8,698	7,500
In-process R&D	—	—	—	50,618
Total operating expenses	12,598	5,854	28,767	68,881
Loss from operations	(12,598)	(5,854)	(28,767)	(68,881)
Other income (expense), net	623	(121)	1,136	(306)
Loss before income tax expense	(11,975)	(5,975)	(27,631)	(69,187)
Income tax expense	—	—	—	(13)
Net loss	$ (11,975)	$ (5,975)	$ (27,631)	$ (69,200)
Net loss per share - basic and diluted	$ (0.12)	$ (0.10)	$ (0.27)	$ (1.26)
Basic and diluted weighted average shares outstanding	101,010	61,694	100,939	55,003
Other comprehensive loss:				
Net loss	$ (11,975)	$ (5,975)	$ (27,631)	$ (69,200)
Unrealized loss on marketable securities	(129)	—	(641)	—
Comprehensive loss	$ (12,104)	$ (5,975)	$ (28,272)	$ (69,200)

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

Compass Therapeutics, Inc. and Subsidiaries
Condensed Consolidated Statements of Stockholders' Equity (Unaudited)
(In thousands)

	Common Stock		Additional Paid-in Capital	Accumulated Other Comprehensive Loss	Accumulated Deficit	Total Stockholders' Equity
	Shares	Amount				
Balance at December 31, 2021	100,832	$ 10	$ 373,657	$ —	$ (233,589)	$ 140,078
Vesting of share-based awards	73	—	—	—	—	—
Stock-based compensation	—	—	1,574	—	—	1,574
Net loss	—	—	—	—	(7,162)	(7,162)
Balance at March 31, 2022	100,905	10	375,231	—	(240,751)	134,490
Vesting of share-based awards	63	—	—	—	—	—
Stock-based compensation	—	—	1,444	—	—	1,444
Unrealized loss on marketable securities	—	—	—	(512)	—	(512)
Net loss	—	—	—	—	(8,494)	(8,494)
Balance at June 30, 2022	100,968	10	376,675	(512)	(249,245)	126,928
Vesting of share-based awards	62	—	—	—	—	—
Stock-based compensation	—	—	1,287	—	—	1,287
Exercise of common stock options	2	—	5	—	—	5
Unrealized loss on marketable securities	—	—	—	(129)	—	(129)
Net loss	—	—	—	—	(11,975)	(11,975)
Balance at September 30, 2022	101,032	$ 10	$ 377,967	$ (641)	$ (261,220)	$ 116,116

	Common Stock		Additional Paid-in Capital	Accumulated Other Comprehensive Loss	Accumulated Deficit	Total Stockholders' Equity
	Shares	Amount				
Balance at December 31, 2020	51,221	$ 5	$ 191,348	$ —	$ (151,408)	$ 39,945
Vesting of share-based awards	92	—	—	—	—	—
Stock-based compensation	—	—	948	—	—	948
Net loss	—	—	—	—	(7,422)	(7,422)
Balance at March 31, 2021	51,313	5	192,296	—	(158,830)	33,471
Common shares issued for TRIGR acquisition	10,265	1	50,299	—	—	50,300
Vesting of share-based awards	88	—	—	—	—	—
Stock-based compensation	—	—	908	—	—	908
Net loss	—	—	—	—	(55,804)	(55,804)
Balance at June 30, 2021	61,666	6	243,503	—	(214,634)	28,875
Vesting of share-based awards	94	—	—	—	—	—
Stock-based compensation	—	—	987	—	—	987
Net loss	—	—	—	—	(5,975)	(5,975)
Balance at September 30, 2021	61,760	$ 6	$ 244,490	$ —	$ (220,608)	$ 23,888

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

Compass Therapeutics, Inc. and Subsidiaries
Condensed Consolidated Statements of Cash Flows (Unaudited)
(In thousands)

	For the Nine Months Ended September 30,	
	2022	**2021**
Cash flows from operating activities:		
Net loss	$ (27,631)	$ (69,200)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	587	442
Gain on disposal of equipment	(70)	(75)
Noncash interest expense	—	35
Share-based compensation	4,305	2,843
Amortization of premium and discount on marketable securities	(190)	—
Write-off of in-process R&D	—	50,618
ROU asset amortization	833	786
Changes in operating assets and liabilities:		
Prepaid expenses and other current assets	639	63
Accounts payable	1,894	(193)
Accrued expenses	(3,033)	427
Operating lease liability	(818)	(747)
Net cash used in operating activities	(23,484)	(15,001)
Cash flows from investing activities:		
Purchases of property and equipment	(158)	(791)
Purchases of marketable securities	(117,332)	—
Proceeds from sale or maturities of marketable securities	12,760	—
Asset acquisition costs	—	(318)
Proceeds from sale of equipment	176	115
Net cash used in investing activities	(104,554)	(994)
Cash flows from financing activities:		
Proceeds from issuance of common stock	5	—
Repayment of borrowings under loan	—	(5,625)
Net cash provided by (used in) financing activities	5	(5,625)
Net change in cash, cash equivalents and restricted cash	(128,033)	(21,620)
Cash, cash equivalents and restricted cash at beginning of period	144,514	47,339
Cash, cash equivalents and restricted cash at end of period	$ 16,481	$ 25,719
Supplemental disclosure of cash flow information		
Cash paid for interest	$ —	$ 226
Supplemental disclosure of cash flow information		
ROU asset acquired through operating leases	$ —	$ 5,148
Unrealized loss on marketable securities	$ 641	$ —
Acquisition of Trigr Therapeutics, Inc.	$ —	$ 50,300

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

1. Nature of Business and Basis of Presentation

Compass Therapeutics, Inc. ("Compass" or the "Company") is a clinical-stage, oncology-focused biopharmaceutical company developing proprietary antibody-based therapeutics to treat multiple human diseases. Our scientific focus is on the relationship between angiogenesis and the immune system. Our pipeline includes novel product candidates that leverage our understanding of the tumor microenvironment, including both angiogenesis-targeted agents and immune-oncology focused agents. These product candidates are designed to optimize critical components required for an effective anti-tumor response to cancer. These include modulation of the microvasculature via angiogenesis-targeted agents; induction of a potent immune response via activators on effector cells in the tumor microenvironment; and alleviation of immunosuppressive mechanisms used by tumors to evade immune surveillance. We plan to advance our product candidates through clinical development as both standalone therapies and in combination with our proprietary drug candidates as long as their continued development is supported by clinical and nonclinical data. References to Compass or the Company herein include Compass Therapeutics, Inc. and its wholly-owned subsidiaries. The Company was incorporated as Olivia Ventures, Inc. ("Olivia") in the State of Delaware on March 20, 2018. Prior to the Company's reverse merger with Compass Therapeutics LLC (the "Merger"), Olivia was a "shell company" (as defined in Rule 12b-2 of the Securities Exchange Act of 1934, as amended).

The Company is subject to risks and uncertainties common to companies in the biotechnology and pharmaceutical industries. There can be no assurance that the Company's research and development will be successfully completed, that adequate protection for the Company's technology will be obtained, that any products developed will obtain necessary government regulatory approval or that any approved products will be commercially viable. The Company operates in an environment of rapid change in technology and substantial competition from pharmaceutical and biotechnology companies. In addition, the Company is dependent upon the services of its employees and consultants.

In the opinion of management, the accompanying unaudited condensed consolidated financial statements include all normal and recurring adjustments (which consist primarily of accruals, estimates and assumptions that impact the financial statements) considered necessary to present fairly the Company's consolidated financial position as of September 30, 2022 and its consolidated results of operations, comprehensive loss and changes in stockholders' equity for the three and nine months ended September 30, 2022 and 2021 and cash flows for the nine months ended September 30, 2022 and 2021. Operating results for the nine months ended September 30, 2022 are not necessarily indicative of the results that may be expected for the year ending December 31, 2022.

The unaudited condensed consolidated financial statements include the accounts of Compass Therapeutics, Inc. and its subsidiaries, and have been prepared by the Company in conformity with accounting principles generally accepted in the United States of America ("GAAP") and pursuant to the rules and regulations of the Securities and Exchange Commission ("SEC") for interim financial statements. Certain information and footnote disclosures normally included in financial statements prepared in accordance with GAAP have been condensed or omitted pursuant to such rules and regulations. The condensed consolidated balance sheet at December 31, 2021 has been derived from the audited consolidated financial statements at that date but does not include all of the information and footnotes required by GAAP for complete financial statements. Accordingly, these condensed consolidated financial statements should be read in conjunction with the Company's audited financial statements in the Company's Annual Report on Form 10-K for the year ended December 31, 2021 (the "Annual Report").

Liquidity

Since our inception, we have devoted substantially all of our efforts to organizing and staffing our Company, business planning, raising capital, research and development activities, building our intellectual property portfolio and providing general and administrative support for these operations. To date, we have funded our operations primarily with proceeds from the sale of our equity securities and borrowings from debt arrangements. Through September 30, 2022, we have received $329.0 million in gross proceeds from the sale of equity securities. As of September 30, 2022, we had cash, cash equivalents and marketable securities of $120.6 million. On November 2, 2022, the Company issued additional common stock pursuant to a private investment in public equity ("PIPE") offering with gross proceeds of $80.3 million (see Note 11). Based on our research and development plans, we expect that such cash resources will enable us to fund our operating expenses and capital expenditure requirements into 2026.

COVID-19 Update

We have been carefully monitoring the COVID-19 pandemic and its potential impact on our business and have taken important steps to help ensure the safety of our employees and to reduce the spread of COVID-19 community-wide. We are ensuring that essential staffing levels at our operations remain in place, including maintaining key personnel in our laboratory facilities. We have implemented stringent safety measures designed to create a safe and clean environment for our employees as we continue to comply with applicable federal, state and local guidelines instituted in response to the COVID-19 pandemic.

There have been delays in sourcing of selected supplies required for the manufacturing of material to be used in our future clinical trials, and these delays have impacted and may continue to impact the timing of our future clinical trials. We expect that COVID-19 may continue to directly or indirectly impact: (i) our employees and business operations or personnel at third-party suppliers and other vendors in the U.S. and other countries; (ii) the availability, cost or supply of materials; and (iii) the timeline for our ongoing clinical trial and potential future trials. We are continuing to assess the potential impact of the COVID-19 pandemic on our current and future business and operations, including our expenses and clinical trials, as well as on our industry and the healthcare system.

2. Summary of Significant Accounting Policies

There have been no material changes to the significant accounting policies previously disclosed in the Company's Annual Report, except as noted below.

Marketable Securities

Marketable securities consist of available-for-sale debt securities and are carried at fair value. Unrealized holding gains and losses are reported within other comprehensive loss in the Company's Consolidated Statements of Comprehensive Loss. Fair value is based on available market information including quoted market prices, broker or dealer quotations, or other observable inputs.

Accounting Pronouncements not yet adopted

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

Recently Adopted Accounting Pronouncements

The Company adopted ASU 2019-12, *Simplifying the Accounting for Income Taxes*, on January 1, 2022. The Company accounts for income taxes pursuant to FASB ASC Topic 740, *Income Taxes*. Under FASB ASC Topic 740, deferred tax assets and liabilities are determined based on temporary differences between the bases of certain assets and liabilities for income tax and financial reporting purposes. The deferred tax assets and liabilities are classified according to the financial statement classification of the assets and liabilities generating the differences. The Company maintains a valuation allowance with respect to deferred tax assets. The Company establishes a valuation allowance based upon the potential likelihood of realizing the deferred tax asset and taking into consideration the Company's financial position and results of operations for the current period. Future realization of the deferred tax benefit depends on the existence of sufficient taxable income within the carry-forward period under the federal tax laws. The adoption of ASU 2019-12 did not have any impact on the Company's condensed consolidated financial statement presentation or disclosures.

3. Marketable Securities

The objectives of the Company's investment policy are to ensure the safety and preservation of invested funds, as well as to maintain liquidity sufficient to meet cash flow requirements. The Company invests its excess cash in securities issued by financial institutions, commercial companies, and government agencies that management believes to be of high credit quality in order to limit the amount of its credit exposure. The Company has not realized any net losses from its investments.

Unrealized gains and losses on investments that are available for sale are recognized in accumulated comprehensive loss, unless an unrealized loss is considered to be other than temporary, in which case the unrealized loss is charged to operations. The Company periodically reviews its investments for other than temporary declines in fair value below cost basis and whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The Company believes the individual unrealized losses represent temporary declines primarily resulting from interest rate changes. Realized gains and losses are included in other income (loss) in the condensed consolidated statements of operations and comprehensive loss and are determined using the specific identification method with transactions recorded on a trade date basis. The Company classifies marketable securities that are available for use in current operations as current assets on the condensed consolidated balance sheet.

The following tables summarize marketable securities held at September 30, 2022 (in thousands):

	Fair Value Measurements as of September 30, 2022 Using:			
	Amortized Cost	Unrealized gains	Unrealized Losses	Fair Value
Assets				
Corporate bonds	$ 70,058	$ —	$ (506)	$ 69,552
Commercial paper	20,825	—	(50)	20,775
Certificates of Deposit	7,487	—	(39)	7,448
Asset-backed securities	6,392	—	(46)	6,346
Total assets	$ 104,762	$ —	$ (641)	$ 104,121

	As of September 30, 2022
Maturing in one year or less	$ 86,552
Maturing after one year through two years	17,569
Total	$ 104,121

There were no marketable securities as of December 31, 2021.

4. Fair Value Measurements

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

	Fair Value Measurements as of September 30, 2022 Using:			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Fair Value
Assets				
Corporate bonds	$ —	$ 69,552	$ —	$ 69,552
Commercial paper	20,775	—	—	20,775
Certificates of deposit	—	7,448	—	7,448
Asset-backed securities	—	6,346	—	6,346
Cash and cash equivalents	16,481	—	—	16,481
Total assets	$ 37,256	$ 83,346	$ —	$ 120,602

	Fair Value Measurements as of December 31, 2021 Using:			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Fair Value
Assets				
Cash and cash equivalents	$ 130,005	$ —	$ —	$ 130,005
Total assets	$ 130,005	$ —	$ —	$ 130,005

5. Property and Equipment

Property and equipment consist of the following (in thousands):

	September 30, 2022	December 31, 2021
Equipment	$ 5,087	$ 5,351
Leasehold improvements	1,607	1,531
Software	364	365
Furniture and fixtures	22	22
Total property and equipment–at cost	7,080	7,269
Less: Accumulated depreciation	(5,372)	(5,026)
Property and equipment, net	$ 1,708	$ 2,243

Depreciation expense for the three months ended September 30, 2022 and 2021 was $0.2 million and $0.1 million, respectively. Depreciation expense for the nine months ended September 30, 2022 and 2021 was $0.6 million and $0.4 million, respectively.

6. Accrued Expenses

Accrued expenses consist of the following (in thousands):

	September 30, 2022	December 31, 2021
Compensation and benefits	$ 1,218	$ 1,601
Project expenses	4,436	704
Accrued milestone	—	6,000
Other	88	470
Total accrued expenses	$ 5,742	$ 8,775

7. Commitments and Contingencies

Leases

The Company adopted ASU 2016-02, *Leases (Topic 842)*, effective January 1, 2021, using the modified retrospective transition method, in which the new standard is applied as of the date of initial adoption. The Company recognized and measured agreements executed prior to the date of initial adoption that were considered leases on January 1, 2021. No cumulative effect adjustment of initially applying the standard to the opening balance of retained earnings was made upon adoption. The Company elected the package of practical expedients permitted under the transition guidance that will retain the lease classification and initial direct costs for any leases that exist prior to adoption of the standard. In addition, the Company elected the accounting policy of not recording short-term leases with a lease term at the commencement date of 12 months or less on the condensed consolidated balance sheet as permitted by the new standard.

The Company has evaluated its leases and determined that it has one lease that is classified as an operating lease. The classification of this lease is consistent with the Company's determination under the previous accounting standard.

When available, the Company will use the rate implicit in the lease to discount lease payments to present value; however, the Company's current lease does not provide an implicit rate. Therefore, the Company used its incremental borrowing rate to discount the lease payments based on the date of the lease commencement.

The Company has one operating lease for its corporate office and laboratory facility ("Facility") that was signed in December 2020. The Company moved into the Facility in January 2021. The Facility lease has an initial term of four years and five months, beginning on January 1, 2021. The Facility lease contains scheduled rent increases over the lease term. The discount rate used for the Facility lease is 6.25%, and the remaining lease term of the Facility lease is two years and eight months as of September 30, 2022.

The table below presents the undiscounted cash flows for the lease term. The undiscounted cash flows are reconciled to the operating lease liabilities recorded on the condensed consolidated balance sheet (000's):

Remainder of 2022	$ 219
Years ending December 31,	
2023	1,345
2024	1,379
2025	543
Total minimum lease payments	3,486
Less: amount of lease payments representing interest	(267)
Present value of future minimum lease payments	3,219
Less: operating lease obligations, current portion	(1,075)
Operating lease obligations, long-term portion	$ 2,144

Milestone payments

As part of the ABL Bio Agreement (see Note 10), the Company is obligated to pay certain development milestone payments. In the fourth quarter of 2021, the Company was notified of the completion of Phase 1 of the clinical trial for CTX-009. In the third quarter of 2022, the Company paid a $6.0 million milestone payment to ABL Bio based on delivery of the final report related to completion of Phase 1 of the clinical trial.

8. Stock-Based Compensation

Stock-based compensation expense for the three and nine months ended September 30, 2022 and 2021 was classified in the condensed consolidated statement of operations as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
	(000's)		(000's)	
Research and development	$ 170	$ 178	$ 718	$ 476
General and administrative	1,117	809	3,587	2,367
Total	$ 1,287	$ 987	$ 4,305	$ 2,843

As of September 30, 2022, remaining unrecognized stock-based compensation cost from all plans to be recognized in future periods totaled $11.5 million.

Restricted Stock:

Prior to the adoption of the 2020 Plan, the Company issued restricted stock. A summary of the Company's restricted stock activity during the nine months ended September 30, 2022 is as follows:

Weighted Average Fair Value	Shares (000's)	Fair Value Per Share
Unvested, December 31, 2021	471	$ 1.76
Granted	—	$ —
Vested	(198)	$ 1.79
Forfeited or canceled	(20)	$ 1.77
Unvested, September 30, 2022	253	$ 1.73

As of September 30, 2022, the total unrecognized compensation cost related to stock compensation expense for restricted stock is $0.4 million, expected to be recognized over a weighted average period of 1.1 years.

2020 Plan

In June 2020, the Company's board of directors adopted the 2020 Stock Option and Incentive Plan (the "2020 Plan") and reserved 2.9 million shares of common stock for issuance under this plan. The 2020 Plan includes automatic annual increases. The increase on January 1, 2022 was 4.2 million shares. As of September 30, 2022, 2.2 million shares remain available for future grant.

The 2020 Plan authorizes the board of directors or a committee of the board to grant incentive stock options, nonqualified stock options, restricted stock awards and restricted stock units ("RSUs") to eligible officers, employees, consultants and directors of the Company. Options generally vest over a period of four years and have a contractual life of 10 years from the date of grant.

Stock Options:

The following table summarizes the stock option activity for the 2020 Plan:

	Number of Unvested Options (000's)	Weighted Average Exercise Price Per Share	Weighted Average Remaining Contractual Term (in years)	Aggregate Intrinsic Value ($000's)
Outstanding at December 31, 2021	3,659	$ 4.99	8.67	
Granted	2,277	$ 2.30	9.38	
Exercised	(2)	$ 1.56		
Forfeited/canceled	(334)	$ 4.07		
Outstanding at September 30, 2022	5,600	$ 3.97	8.70	$ 277
Vested at September 30, 2022	2,472	$ 4.74	8.22	$ 19

For the nine months ended September 30, 2022, the weighted average grant date fair value for options granted was $2.30. The intrinsic value for options vested as of September 30, 2022, was $19 thousand. As of September 30, 2022, the total unrecognized compensation cost related to outstanding options was $7.5 million, to be recognized over a weighted average period of 2.8 years.

For the nine months ended September 30, 2021, the weighted average grant date fair value for options granted was $3.82. There was no intrinsic value for options vested as of September 30, 2021.

The weighted average assumptions used in the Black-Scholes pricing model to determine the fair value of stock options granted during the nine months ended September 30, 2022 and 2021 were as follows:

	Nine Months Ended September 30,	
	2022	2021
Expected term (in years)	6.0	6.1
Risk-free rate	2.02%	0.76%
Expected volatility	94%	90%
Expected dividend yield	—	—

RSUs:

The following table summarizes the RSU activity for the 2020 Plan:

	Shares (000's)	Weighted Average Price Per Share	Weighted Average Fair Value ($000's)
Unvested, December 31, 2021	1,200	$ 3.83	$ 4,596
Granted	—	—	—
Vested	—	—	—
Forfeited or canceled	—	—	—
Unvested, September 30, 2022	1,200	$ 3.83	$ 4,596

Weighted average price per share is the weighted grant price based on the closing market price of each of the stock grants. The weighted average fair value is the weighted average share price times the number of shares.
As of September 30, 2022, remaining unrecognized compensation cost related to RSUs to be recognized in future periods totaled $3.6 million, which is expected to be recognized over a weighted average period of 3.1 years.

9. Other Income (Expense)

Other income (expense) consisted of the following:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
	(000's)		(000's)	
Interest income	$ 623	$ 1	$ 1,066	$ 25
Interest expense	—	(78)	—	(331)
Realized gain on disposal of equipment	—	(44)	70	—
Total other income (expense)	$ 623	$ (121)	$ 1,136	$ (306)

10. License, Research and Collaboration Agreements

Collaboration Agreements

ABL Bio Corporation ("ABL Bio") Agreement

In November 2018, the Company's wholly-owned subsidiary, TRIGR, and ABL Bio, a South Korean biotechnology company, entered into an exclusive global (excluding South Korea) license agreement (the "TRIGR License Agreement") which granted TRIGR a license to ABL001, ABL Bio's bispecific antibody targeting DLL4 and VEGF-A (renamed CTX-009). Under the terms of the agreement, ABL Bio and TRIGR would jointly develop CTX-009, with ABL Bio responsible for development of CTX-009 throughout the end of Phase 1 clinical trials and TRIGR responsible for the development of CTX-009 from Phase 2 and onward. ABL Bio received a $5 million upfront payment, a $6 million development milestone for the completion of Phase 1 clinical trials and is eligible to receive a total of up to $110 million of development and regulatory milestone payments, up to $295 million of commercial milestone payments and tiered single-digit royalties on net sales of CTX-009 in Oncology. As a result of the TRIGR acquisition in 2021, the TRIGR License Agreement was assigned to the Company and the Company has assumed all the rights and liabilities of the agreement.

Adimab Agreement

The Company entered into a collaboration agreement with Adimab, LLC on October 16, 2014. The agreement includes provisions for payment of royalties at rates ranging in the single digits as a percentage of future net sales within a specified term from the first commercial sale. There were no milestone payments made during the first nine months of 2022. As of September 30, 2022, future potential milestone payments in connection with this agreement amounted to $2.0 million.

Other License and Research Agreements

FUJIFILM Diosynth Biotechnologies ("Fujifilm") Agreement

The Company entered into a scope of work ("SOW") under a master services agreement with Fujifilm on July 20, 2020. The Company made no cash payments and recorded $89 thousand in research and development expense during the three months ended September 30, 2022 related to this agreement. The Company made cash payments of $0.5 million and recorded $2.9 million in research and development expense during the nine months ended September 30, 2022. As of September 30, 2022, future payments in connection with the SOW amounted to approximately $0.6 million and future expenses amounted to less than $100 thousand.

11. Subsequent events

On November 2, 2022, the Company and certain accredited investors (each an "Investor" and collectively, the "Investors") entered into a securities purchase agreement (the "Securities Purchase Agreement") pursuant to which the Company agreed to sell and issue to the Investors in a PIPE financing an aggregate of 25,000,000 shares of the Company's common stock at a purchase price of $3.21 per share. The gross proceeds to the Company from the PIPE are $80.3 million, before deducting fees to the placement agents and other offering expenses payable by the Company. This transaction closed on November 4, 2022.

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

The following discussion of the financial condition and results of operations of Compass Therapeutics, Inc. should be read in conjunction with the financial statements and the notes to those statements included in this Quarterly Report on Form 10-Q for the period ended September 30, 2022. Some of the information contained in this discussion and analysis, including information with respect to our plans and strategy for our business, includes forward-looking statements that involve risk, uncertainties and assumptions. You should read the "Risk Factors" section of this Quarterly Report on Form 10-Q and the "Risk Factors" section included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2021, for a discussion of important factors that could cause actual results to differ materially from the results described in or implied by the forward-looking statements contained in the following discussion and analysis.

Overview

We are a clinical-stage, oncology-focused biopharmaceutical company developing proprietary antibody-based therapeutics to treat multiple human diseases. Our scientific focus is on the relationship between angiogenesis, the immune system, and tumor growth. Our pipeline of novel product candidates is designed to target multiple critical biological pathways required for an effective anti-tumor response. These include modulation of the microvasculature via angiogenesis-targeted agents, induction of a potent immune response via activators on effector cells in the tumor microenvironment, and alleviation of immunosuppressive mechanisms used by tumors to evade immune surveillance. We plan to advance our product candidates through clinical development as both standalone therapies and in combination with proprietary pipeline antibodies based on supportive clinical and nonclinical data.

On June 25, 2021, we consummated a definitive merger agreement (the "Merger Agreement") with TRIGR Therapeutics, Inc. ("TRIGR"), a private biotechnology company. Pursuant to the Merger Agreement, through our wholly-owned subsidiaries and a two-step merger structure, we acquired all of the outstanding shares of TRIGR (the "TRIGR Merger"). Consideration payable to TRIGR shareholders at closing totaled an aggregate of 10,265,133 shares of our common stock (after giving effect to elimination of fractional shares that would otherwise be issued). In addition, TRIGR shareholders are eligible to receive up to $9 million, representing earnout payments which are dependent on certain events.

We currently have two product candidates in the clinical stage of development: CTX-009 and CTX-471. In addition, a third product candidate, CTX-8371, is expected to enter the clinic in 2023. A summary of these product candidates is presented below. We are also developing a portfolio of bispecific and monoclonal antibody product candidates which derive from our in-house antibody discovery and development platforms. For a more detailed description, see our Annual Report on Form 10-K for the fiscal year ended December 31, 2021.

CTX-009(a.k.a. ABL001) - anti-DLL4 x VEGF-A bispecific antibody

CTX-009 is an investigational bispecific antibody that simultaneously blocks Delta-like ligand 4/Notch-1 ("DLL4") and vascular endothelial growth factor A ("VEGF-A") signaling pathways, which are critical to angiogenesis and tumor vascularization. We have licensed exclusive global rights to CTX-009, outside of South Korea, from ABL Bio, Inc. ("ABL Bio"), a South Korea-based clinical-stage company focused on developing antibody therapeutics. South Korean rights are held by Handok Pharmaceuticals, Inc. ("Handok") and China rights were out-licensed from the Company to Elpiscience Biopharmaceuticals Co., Limited ("Elpiscience").

CTX-009 is undergoing clinical development in patients with advanced solid tumors. A Phase 1 dose escalation and dose expansion monotherapy study and a Phase 1b combination study of CTX-009 in combination with chemotherapy have been completed. In the first quarter of 2021, Handok commenced a Phase 2 study of CTX-009 in combination with paclitaxel in patients with biliary tract cancers ("BTC" or "cholangiocarcinoma") in South Korea. The study enrolled patients with unresectable advanced, metastatic, or relapsed BTC who have received one or two prior systemic therapies. This Phase 2 study has a Simon 2 stage adaptive design. In the first stage of the study, three partial responses ("PRs") need to be observed among the patients dosed in order for the study to advance to the second stage. As of April 14, 2022, the first stage was fully enrolled, and there were ten PRs observed among the 24 patients enrolled and dosed, and therefore, the criteria to advance the study to its second stage was met. The study is being conducted at four leading medical centers in South Korea and as of September 30, 2022, is still ongoing.

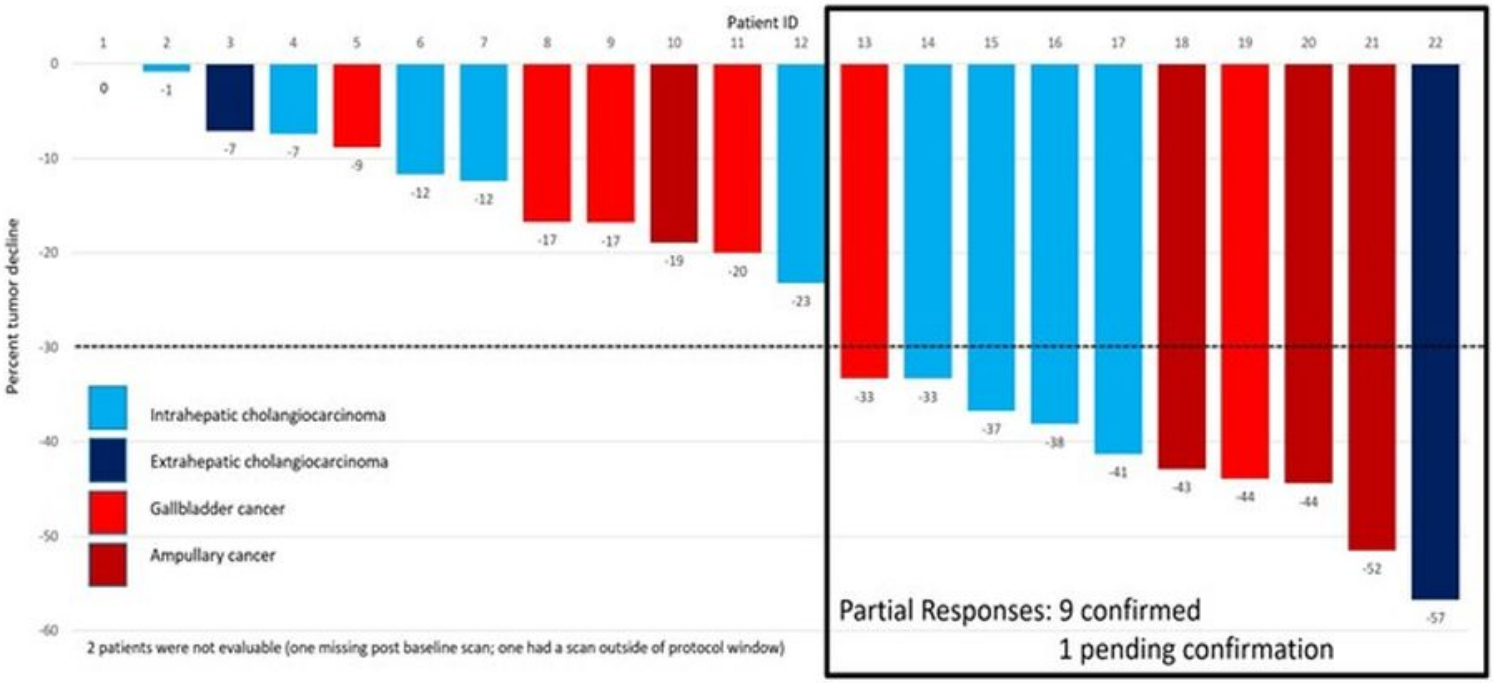
We submitted an Investigational New Drug ("IND") application to the U.S. Food and Drug Administration ("FDA") in December 2021 to initiate a global Phase 2 study in the U.S. and South Korea. The FDA cleared our IND application in January 2022.

Phase 2a: Interim Data from Combination Clinical Trial of CTX-009 in BTC in South Korea

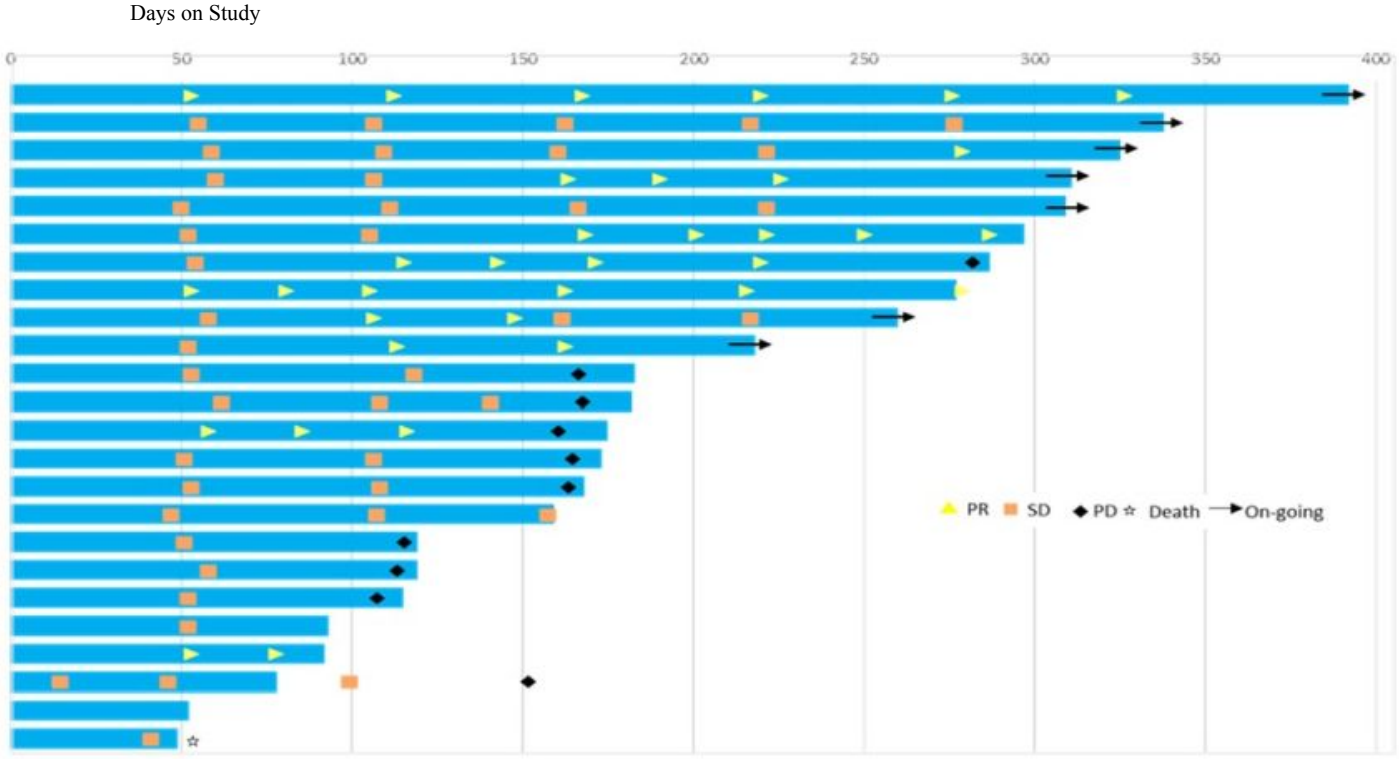
Preliminary Activity Data Summary

As of April 14, 2022, the first stage of the study has been fully enrolled, and all 24 patients have been dosed. Of the 24 patients, there were 10 PRs, 9 of which have been confirmed by RECIST 1.1 and one PR pending confirmation, leading to a preliminary overall response rate ("ORR") of 42%. Two patients are not evaluable for response, and 22 of the 24 patients have had stable disease or better with a decline in tumor burden observed in all 22 evaluable patients leading to a clinical benefit rate ("CBR") of 92%. The median time on study as of April 14, 2022 was approximately 6 months.

The interim waterfall plot below depicts the best response for 22 of the 24 patients in the study as of April 14, 2022 (two patients did not reach their week 8 scan):



The swimmer plot below depicts the duration that each patient has been on treatment as of April 14, 2022:



Preliminary Safety Data Summary

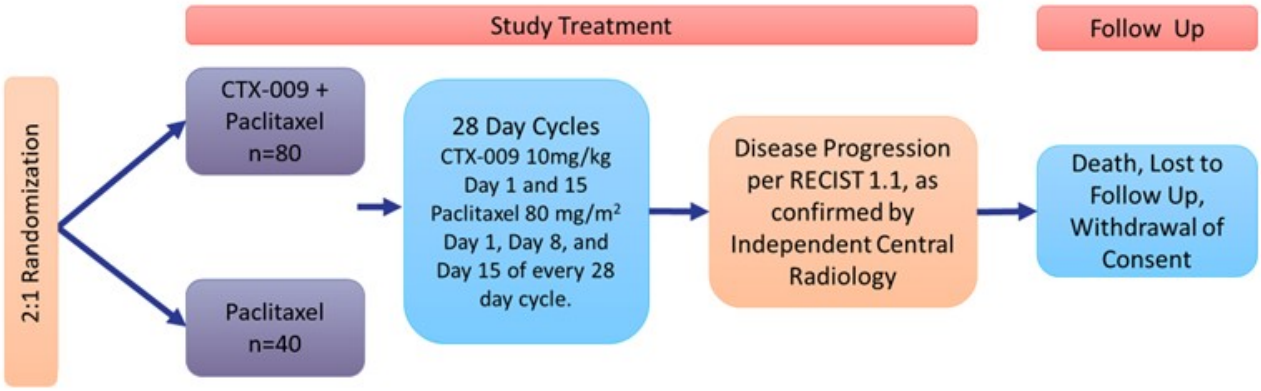
As of April 14, 2022, no formal safety data analysis has been completed, but CTX-009 in combination with paclitaxel was observed to be generally well-tolerated and the safety data are consistent with the Phase 1 studies with hypertension and neutropenia being the most common events related to CTX-009 and paclitaxel, respectively.

Of the 24 subjects enrolled in the study, all subjects had at least one Adverse Event ("AE") related to CTX-009 and/or paclitaxel. The most common AEs (all Grades) occurring in at least 3 patients were anemia (n=3, 12.5%), asthenia (n=6, 25.0%), fatigue (n=4, 16.7%), edema (n=4, 16.7%), pyrexia (n=4, 16.7%), neutropenia (n=13, 54.2%), thrombocytopenia (n=5, 20.8%), headache (n=4, 16.7%), proteinuria (n=5, 20.8%), dysphonia (n=3, 12.5%), dyspnea (n=6, 25%), epistaxis (n=8, 33.3%), pulmonary hypertension (n=4, 16.7%, all Grade 1) and hypertension (n=12, 50.0%).

Grade 3 or greater AEs that were determined to be probably or possibly related to CTX-009 treatment included neutropenia (n=12; 50%), hypertension (n=4; 17%), anemia (n=3; 12.5%) and thrombocytopenia (n=2; 8%), which were attributed to the concomitant chemotherapy agent (paclitaxel) with the exception of hypertension which was attributed to CTX-009. In addition, there were additional Grade 3 or greater events observed in no more than one patient: intestinal perforation, asthenia, catheter site hemorrhage, fatigue, cholangitis, abdominal infection, bacterial gastritis, pneumonia (which was fatal), post-procedure hemorrhage, decreased appetite, cerebral hemorrhage, proteinuria and embolism.

PROGRAM UPDATE – CTX-009

Following initial conversations with the FDA and considering the data from our BTC Phase 2 study, we submitted a protocol to the FDA for a randomized Phase 2/3 study in the United States in adult patients with unresectable, advanced, metastatic or recurrent biliary tract cancers who have received one prior systemic chemotherapy regimen. The study is designed to assess the safety and efficacy of the combination of CTX-009 and paclitaxel versus paclitaxel alone. A schema of the study design is provided below.



The study will enroll 120 patients which will be randomized in a 2:1 ratio to receive CTX-009 plus paclitaxel (n=80) or paclitaxel alone (n=40). The primary endpoint of the study is overall response rate ("ORR"). The study can be found on clinicaltrials.gov.

In September 2022, we received additional feedback from the FDA to our study protocol. Depending on the study's results, this study could serve as a registrational study to support BLA submission.

Additionally, we are in the process of initiating a Phase 2 study for CTX-009 in patients with advanced metastatic colorectal cancer. This study will assess the safety and efficacy of CTX-009 as a monotherapy in the third and fourth line of treatment. The study can be found on clinicaltrials.gov.

Development Strategy for CTX-009

Our development strategy is to develop CTX-009 in all of the indications in which patients have a need for effective and novel therapeutic agents and data supports the potential therapeutic benefit of CTX-009.

We chose BTC as our lead indication based on activity observed in the Phase 1b and Phase 2 studies, lack of effective therapies for this patient population and the potential for a straight-forward regulatory route to approval. Our Phase 2/3 study for CTX-009 in combination with paclitaxel is targeting the second line BTC patient population, including all four anatomical subtypes of the disease. In the United States, there are over 18,000 BTC patients diagnosed each year. The only therapies launched in the last two decades for the second and third line BTC patients are targeted therapies (FGFR2 inhibitors, IDH1 inhibitors and MSI-high tumors) that may address less than 15% of this patient population combined.

The second indication we are pursuing for CTX-009 is advanced colorectal cancer. There are over 150,000 colorectal cancer patients diagnosed in the United States each year, and approximately one third (~ 50,000 patients) progress to the third line of treatment. The therapies available in the third line (trifluridine/tipiracil; regorafenib) have each demonstrated less than 2% overall response rate with limited efficacy. Moreover, targeted therapies recently approved or in development, such as the small molecule KRAS G12C inhibitors, sotorasib and adagrasib, are only targeting 1-3% of the colorectal cancer patients. Accordingly, we are initiating a Phase 2 monotherapy clinical trial of CTX-009 in the third and fourth line settings in patients with advanced colorectal cancer with ORR as the primary endpoint of this study.

We intend to explore the potential of CTX-009 in additional indications, based on preclinical and clinical data from CTX-009 studies. These studies combined suggest the potential of CTX-009 as a therapy for gastric cancer, ovarian cancer, pancreatic cancer and renal cell cancer.

In addition, we are developing a plan to study the combination of CTX-009 with our novel bispecific checkpoint blocker, CTX-8371, or with other checkpoint blockers, such as pembrolizumab and nivolumab. Additionally, we plan to study the combination of CTX-009 with our novel CD137 agonistic antibody, CTX-471.

The timing of the initiation of our clinical trials in the United States depends, among other things, on the availability of clinical drug product for the studies, communications with the FDA, FDA allowance for each of the proposed studies to proceed and the availability of cash resources to support such trials.

CTX-471 - a monoclonal antibody agonist of CD137

CTX-471, our monoclonal antibody product candidate, is a fully human, IgG4 monoclonal antibody that is an agonist of CD137, a key co-stimulatory receptor on immune cells. Binding of CTX-471 to CD137 has been observed to lead to ligand-stimulated activation of T-cells and NK cells. In tumor models, treatment with CTX-471 as a monotherapy led to recruitment and activation of immune cells in the tumor microenvironment. In the treated mice, dosing with CTX-471 led to extensive reprogramming of the tumor microenvironment, including increased recruitment of immune cells, reversion of exhausted cytotoxic CD8+ T-cells, reductions in immunosuppressive regulatory T-cells, and reductions in immunosuppressive tumor- associated macrophages. Long after the completion of the treatment with CTX-471, a period described as eight half-lives of the antibody, treated mice exhibited immune memory that prevented reestablishment of the same tumor.

In July 2019, we initiated a Phase 1 trial evaluating the safety and tolerability of CTX-471 as a monotherapy in oncology patients who were previously treated with PD-1 or PD-L1 immune checkpoint inhibitors and subsequently relapsed or progressed after a period of stable disease. The design of this trial includes a dose escalation stage (Phase 1a) followed by a dose expansion stage (Phase 1b). The Phase 1a dose-escalation stage of the trial has been completed and CTX-471 was observed to be generally well-tolerated.

The dose expansion stage of the trial is currently ongoing and nearing completion. As of September 30, 2022, 60 patients with 18 different cancers have been enrolled in the study and 50 of those patients are evaluable. There are six patients remaining on the study. Four patients had a PR; three of the four have been confirmed by RECIST 1.1 and the fourth PR is unconfirmed and will remain unconfirmed. In addition, 27 patients have reached stable disease, leading to a preliminary ORR of 8% and a CBR of 62%. There have been two treatment-related serious adverse events ("SAE") in the Phase 1b dose expansion stage of the trial. One event was identical to the dose-limiting toxicity seen in the Phase 1a study (thrombocytopenia with elevated liver function tests and elevated C-reactive protein) and the second SAE was an event of pneumonitis. Both events resolved.

PROGRAM UPDATE – CTX-471

On October 11, 2022, we announced a clinical trial collaboration and supply agreement with Merck & Co. ("Merck") to evaluate CTX-471 in combination with KEYTRUDA® (pembrolizumab). Under the agreement, we are the study sponsor, Merck will provide the clinical supply of KEYTRUDA and together, we will form a Joint Development Committee to review the clinical trial results. In November 2022, we began screening patients for this combination arm of the Phase 1b study to include CTX-471 combined with KEYTRUDA in patients who have progressed following initial response to a PD-1 regimen.

CTX-8371 - a bispecific antibody that targets PD-1 and PD-L1

CTX-8371 is a bispecific antibody that binds to both PD-1 and PD-L1, the targets of well-known and widely used checkpoint inhibitor antibodies. Preclinical studies demonstrate that CTX-8371 has the ability to outperform PD-1, PD-L1, and combinations of the two to activate T-cells in *in vitro* assays. In mouse xenografts, treatment with CTX-8371 led to significantly greater tumor growth control and longer survival than treatment with a PD-1 inhibitor alone, a PD-L1 inhibitor alone or the combination of PD-1 and PD-L1 inhibitors. IND-enabling studies with CTX-8371 were initiated in August 2020 and toxicology studies in non-human primates are ongoing. Our contract development manufacturing organization, Fujifilm Diosynth Biotechnologies (see Note 10 to the financial statements contained in this Form 10-Q for further description of Fujifilm agreement) experienced delays with its supply chain management, leading to a delay in the good manufacturing practice ("GMP") manufacturing of CTX-8371. The GMP manufacturing campaign of CTX-8371 was completed in the second quarter of 2022.

Pending the results of the toxicology studies in non-human primates, we anticipate filing of an IND and initiating first-in-human study in the first half of 2023.

Operating Activities

We have funded our operations primarily with proceeds from the sale of our equity securities. Through September 30, 2022, we have received $329.0 million in gross proceeds from the sale of our equity securities.

We have incurred significant operating losses since inception and have not generated any revenue from the sale of products and we do not expect to generate any revenue from the sale of products in the near future, if at all. Our ability to generate product revenue sufficient to achieve profitability will depend heavily on the successful development and eventual commercialization of our treatments and any future product candidates. Our net losses were $12.0 million and $6.0 million for the three months ended September 30, 2022 and 2021, respectively. Our net losses were $27.6 million and $69.2 million for the nine months ended September 30, 2022 and 2021, respectively. We had an accumulated deficit of $261.2 million at September 30, 2022. We expect to continue to incur significant expenses for at least the next several years as we advance through clinical development, develop additional product candidates and seek regulatory approval of any product candidates that complete clinical development. In addition, if we obtain marketing approval for any product candidates, we expect to incur significant commercialization expenses related to product manufacturing, marketing, sales and distribution. We may also incur expenses in connection with the in-licensing or acquisition of additional product candidates.

Until such time as we can generate significant revenue from product sales, if ever, we expect to finance our operations through equity and debt financings, or other capital sources, which may include collaborations with other companies or other strategic transactions. As of September 30, 2022, we had $120.6 million in cash, cash equivalents and marketable securities. On November 2, 2022, we entered into a securities purchase agreement ("the "Securities Purchase Agreement") with certain accredited investors (each an "Investor" and collectively, the "Investors") pursuant to which we agreed to sell and issue to the Investors in a private investment in public equity ("PIPE") financing an aggregate of 25,000,000 shares of our common stock at a purchase price of $3.21 per share. The gross proceeds to us from the PIPE are $80.3 million, before deducting fees to the placement agents and other offering expenses payable by us. Based on our research and development plans, we expect that such cash resources will enable us to fund our operating expenses and capital expenditure requirements into 2026.

Because of the numerous risks and uncertainties associated with product development, we are unable to predict the timing or amount of increased expenses or when, or if, we will be able to achieve or maintain profitability. Even if we are able to generate product sales, we may not become profitable. If we fail to become profitable or are unable to sustain profitability on a continuing basis, then we may be unable to continue our operations at planned levels and be forced to reduce or terminate our operations. Our consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

COVID-19 Update

We have been carefully monitoring the COVID-19 pandemic and its potential impact on our business and have taken important steps to help ensure the safety of our employees and to reduce the spread of COVID-19 community-wide. We are ensuring that essential staffing levels at our operations remain in place, including maintaining key personnel in our laboratory facilities. We have implemented stringent safety measures designed to create a safe and clean environment for our employees as we continue to comply with applicable federal, state and local guidelines instituted in response to the COVID-19 pandemic.

There have been delays in sourcing of selected supplies required for the manufacturing of material to be used in our future clinical trials, and these delays have impacted and may continue to impact the timing of our future clinical trials. We expect that COVID-19 may continue to directly or indirectly impact (i) our employees and business operations or personnel at third-party suppliers and other vendors in the U.S. and other countries; (ii) the availability, cost or supply of materials; and (iii) the timeline for our ongoing clinical trial and potential future trials. We are continuing to assess the potential impact of the COVID-19 pandemic on our current and future business and operations, including our expenses and clinical trials, as well as on our industry and the healthcare system.

Components of Results of Operations

Research and Development

Research and development expenses consist primarily of costs incurred in connection with the development of our product candidates, CTX-009, CTX-471 and CTX-8371, as well as unrelated discovery program expenses. We expense research and development costs as incurred. These expenses include:

- employee-related expenses including salaries, related benefits and equity-based compensation expense for employees engaged in research and development functions;
- expenses incurred under agreements with organizations that support our platform program development;
- Contract Manufacturing Organizations ("CMOs") that are primarily engaged to provide drug substance and product for our clinical trials, research and development programs, as well as investigative sites and consultants that conduct our clinical trials, nonclinical studies and other scientific development services;
- the cost of acquiring and manufacturing nonclinical and clinical trial materials, including manufacturing registration and validation batches;
- costs related to compliance with quality and regulatory requirements; and
- facilities and equipment expenses.

Advance payments that we make for goods or services to be received in the future for use in research and development activities are recorded as prepaid expenses. Such amounts are recognized as an expense as the goods are delivered or the related services are performed, or until it is no longer expected that the goods will be delivered or the services rendered.

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

The successful development and commercialization of product candidates is highly uncertain. This is due to the numerous risks and uncertainties associated with product development and commercialization.

General and Administrative Expenses

General and administrative expenses consist primarily of salaries and related costs for personnel in executive, finance, corporate and business development, and administrative functions. General and administrative expenses also include legal fees relating to patent and corporate matters; professional fees for accounting, auditing, tax and administrative consulting services; insurance costs; administrative travel expenses; marketing expenses and other operating costs.

We anticipate that our general and administrative expenses will increase in the future as we increase our headcount to support our business operations.

Other Income (expense)

Other income (expense) consists of interest income, interest expense and realized gains or losses on sales of furniture and equipment.

Results of Operations

Comparison of the Three Months Ended September 30, 2022 and 2021

The following table summarizes our results of operations for the three months ended September 30, 2022 and 2021:

	Three Months Ended September 30,		
	2022	**2021**	**Change**
		(000's)	
Operating expenses:			
Research and development	$ 9,791	$ 3,154	$ 6,637
General and administrative	2,807	2,700	107
Total operating expenses	12,598	5,854	6,744
Loss from operations	(12,598)	(5,854)	(6,744)
Other income (expense)	623	(121)	744
Loss before income tax expense	(11,975)	(5,975)	(6,000)
Income tax expense	—	—	—
Net loss	$ (11,975)	$ (5,975)	$ (6,000)

Research and Development Expenses

Research and development expenses increased by $6.6 million, or 210%, for the three months ended September 30, 2022 compared to the three months ended September 30, 2021. The increase primarily came from an increase in the purchase and manufacturing of drug substance for the CTX-009 program of $4.3 million and toxicological studies for CTX-8371 of $1.1 million as compared to the same period in 2021.

We track outsourced development, personnel costs and other research and development costs of specific programs. Research and development expenses are summarized by program in the table below:

	Three Months Ended September 30,	
	2022	2021
	(000's)	
CTX-009	$ 5,523	$ 177
CTX-471	1,074	1,067
CTX-8371	1,324	274
Unallocated research and development expenses	1,870	1,636
Total research and development expenses	$ 9,791	$ 3,154

General and Administrative Expenses

General and administrative expenses increased by $0.1 million, or 4%, to $2.8 million for the three months ended September 30, 2022 as compared to the same period in 2021.

Other Income (Expense)

For the three months ended September 30, 2022, other income (expense) consists of interest income of $0.6 million. The increase in interest income was due to the investment of our cash in marketable securities. For the three months ended September 30, 2021, the primary component was interest expense of $0.1 million related to a term loan facility with Pacific Western Bank, Inc. (the "Credit Facility") which we extinguished in the fourth quarter of 2021. See our Annual Report on Form 10-K for the fiscal year ended December 31, 2021 for further information on the Credit Facility.

Income Tax Expense

During the three months ended September 30, 2022 and 2021, we recognized no income tax expense.

Comparison of the Nine Months Ended September 30, 2022 and 2021

The following table summarizes our results of operations for the nine months ended September 30, 2022 and 2021:

	Nine Months Ended September 30,		
	2022	2021	Change
		(000's)	
Operating expenses:			
Research and development	$ 20,069	$ 10,763	$ 9,306
General and administrative	8,698	7,500	1,198
In-process R&D	—	50,618	(50,618)
Total operating expenses	28,767	68,881	(40,114)
Loss from operations	(28,767)	(68,881)	40,114
Other income (expense)	1,136	(306)	1,442
Loss before income tax expense	(27,631)	(69,187)	41,556
Income tax expense	—	(13)	13
Net loss	$ (27,631)	$ (69,200)	$ 41,569

Research and Development Expenses

Research and development expenses increased by $9.3 million, or 86%, for the nine months ended September 30, 2022 compared to the nine months ended September 30, 2021. The increase primarily came from an increase in the purchase and manufacturing of drug substance for program CTX-009 of $4.1 million, clinical costs for program CTX-009 of $1.0 million, manufacturing of drug substance for program CTX-8371 of $1.6 million and toxicological studies for CTX-8371 of $1.1 million as compared to the same period in 2021.

We track outsourced development, personnel costs and other research and development costs of specific programs. Research and development expenses are summarized by program in the table below:

	Nine Months Ended September 30,	
	2022	2021
	(000's)	
CTX-009	$ 6,991	$ 282
CTX-471	3,788	2,763
CTX-8371	4,277	2,083
Unallocated research and development expenses	5,013	5,635
Total research and development expenses	$ 20,069	$ 10,763

General and Administrative Expenses

General and administrative expenses increased by $1.2 million, or 16%, to $8.7 million for the nine months ended September 30, 2022, as compared to the same period in 2021. The increase primarily came from an increase of $1.2 million of stock compensation expense.

In-Process R&D

In the second quarter of 2021, we acquired TRIGR Therapeutics, Inc., whose primary asset is CTX-009, an anti-DLL4 x VEGF-A bispecific antibody. As we expense research and development costs as incurred, the cost of this acquisition was expensed to In-Process R&D. See our Annual Report on Form 10-K for the fiscal year ended December 31, 2021 for further information description of the accounting of this transaction. There were no In-Process R&D expenses for the nine months ended September 30, 2022.

Other income (expense)

For the nine months ended September 30, 2022, other income (expense) consists of interest of $1.1 million and gain on disposal of assets of $70 thousand. For the nine months ended September 30, 2021, the primary component was interest expense of $0.3 million related to the Credit Facility which we extinguished in the fourth quarter of 2021. See our Annual Report on Form 10-K for the fiscal year ended December 31, 2021 for further information on the Credit Facility.

Income Tax Expense

During the nine months ended September 30, 2022, we recognized no income tax expense. During the nine months ended September 30, 2021, we recognized $13 thousand of income tax expense.

Liquidity and Capital Resources

Since our inception, we have devoted substantially all of our efforts to organizing and staffing our Company, business planning, raising capital, research and development activities, building our intellectual property portfolio and providing general and administrative support for these operations. We have funded our operations primarily with proceeds from the sale of our equity securities (in addition, we received borrowings from the Credit Facility, which was extinguished in the fourth quarter of 2021). Through September 30, 2022, we have received $329.0 million in gross proceeds from the sale of equity securities. As of September 30, 2022, we had cash, cash equivalents and marketable securities of $120.6 million. In November 2022, we completed a PIPE financing with gross proceeds of $80.3 million. (see Note 11 to the financial statements contained in this Form 10-Q for further description of this transaction).

Funding Requirements

Our primary use of cash is to fund operating expenses, primarily research and development expenditures. Cash used to fund operating expenses is impacted by the timing of when we pay these expenses, as reflected in the change in our outstanding accounts payable, accrued expenses and prepaid expenses. Because of the numerous risks and uncertainties associated with research, development and commercialization of pharmaceutical products, we are unable to estimate the exact amount of our operating capital requirements. Our future funding requirements will depend on many factors, including, but not limited to:

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

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

Cash Flows

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

	Nine Months Ended September 30,	
	2022	2021
	(000's)	
Cash used in operating activities	$ (23,484)	$ (15,001)
Cash used in investing activities	(104,554)	(994)
Cash provided by (used in) financing activities	5	(5,625)
Net change in cash, cash equivalents and restricted cash	$ (128,033)	$ (21,620)

Operating Activities

During the nine months ended September 30, 2022, we used $23.5 million of cash in operating activities, resulting from our net loss of $27.6 million, offset by non-cash charges and the change in operating assets and liabilities of $4.1 million. Our non-cash charges are primarily from share-based compensation expense of $4.3 million and depreciation and amortization (including ROU asset amortization) of $1.4 million.

During the nine months ended September 30, 2021, we used $15.0 million of cash in operating activities, resulting from our net loss of $69.2 million, offset by non-cash charges of $54.7 million. Our non-cash charges are from the TRIGR acquisition expense of in-process R&D of $50.6 million, share-based compensation expense of $2.8 million and depreciation and amortization of $0.4 million.

Investing Activities

During the nine months ended September 30, 2022, we used $104.6 million of cash in investing activities which primarily related to $117.3 million used to purchase marketable securities offset by the proceeds from sale or maturities of marketable securities of $12.8 million. During the nine months ended September 30, 2021, cash used in investing activities was $1.0 million which was primarily attributed to $0.8 million in leasehold improvements and purchases of equipment.

Financing Activities

During the nine months ended September 30, 2022, we had a small number of options exercised for $5 thousand. During the nine months ended September 30, 2021, we had $5.6 million in payments under the Credit Facility.

Future Funding Requirements

We expect our expenses to increase substantially in connection with our ongoing activities. The timing and amount of our operating expenditures will depend largely on:

- the initiation, progress, timing, costs and results of clinical trials for our product candidate or any future product candidates we may develop;
- the initiation, progress, timing, costs and results of nonclinical studies for our product candidates or any future product candidates we may develop;
- our ability to maintain our relationships with key collaborators;
- the outcome, timing and cost of seeking and obtaining regulatory approvals from the FDA and comparable foreign regulatory authorities, including the potential for such authorities to require that we perform more nonclinical studies or clinical trials than those that we currently expect or change their requirements on studies that had previously been agreed to;
- the cost to establish, maintain, expand, enforce and defend the scope of our intellectual property portfolio, including the amount and timing of any payments we may be required to make, or that we may receive, in connection with licensing, preparing, filing, prosecuting, defending and enforcing any patents or other intellectual property rights;

- the effect of competing technological and market developments;
- the costs of continuing to grow our business, including hiring key personnel and maintain or acquiring operating space;
- market acceptance of any approved product candidates, including product pricing, as well as product coverage and the adequacy of reimbursement by third-party payors;
- the cost of acquiring, licensing or investing in additional businesses, products, product candidates and technologies;
- the cost and timing of selecting, auditing and potentially validating a manufacturing site for commercial-scale manufacturing;
- the cost of establishing sales, marketing and distribution capabilities for any product candidates for which we may receive regulatory approval and that we determine to commercialize; and
- our need to implement additional internal systems and infrastructure, including financial and reporting systems.

We believe that our existing cash and marketable securities as of filing of the form 10-Q will enable us to fund our operating expenses and capital expenditure requirements into 2026 based on our current plans, which may change based on clinical or preclinical results. These plans include initiation and completion of a Phase 2/3 clinical trial of CTX-009 in combination with paclitaxel in BTC, initiation of a Phase 2 trial of CTX-009 in colorectal cancer, completion of the ongoing Phase 1b clinical trial of CTX-471, initiation of a Phase 1b combination trial for CTX-471 with KEYTRUDA and commencement of the planned Phase 1 development of CTX-8371, subject to satisfactory completion of IND-enabling activities for that product candidate. We expect that we will require additional funding to complete the clinical development of CTX-009, CTX-471 and CTX-8371, commercialize our product candidates, if we receive regulatory approval, and pursue in-licenses or acquisitions of other product candidates. If we receive regulatory approval for CTX-009, CTX-471 or CTX-8371 or other product candidates, we expect to incur significant commercialization expenses related to product manufacturing, sales, marketing and distribution, depending on where we choose to commercialize these product candidates.

Until such time, if ever, as we can generate substantial product revenue, we expect to finance our cash needs through a combination of equity and debt financings, collaborations, strategic alliances, and marketing, distribution or licensing arrangements with third parties. To the extent that we raise additional capital through the sale of equity or convertible debt securities, ownership interest may be materially diluted, and the terms of such securities could include liquidation or other preferences that adversely affect your rights as a common stockholder. Debt financing and preferred equity financing, if available, may involve agreements that include restrictive covenants that limit our ability to take specified actions, such as incurring additional debt, making capital expenditures or declaring dividends. If we raise funds through collaborations, strategic alliances or marketing, distribution or licensing arrangements with third parties, we may have to relinquish valuable rights to our technologies, future revenue streams, research programs or product candidates or grant licenses on terms that may not be favorable to us. If we are unable to raise additional funds through equity or debt financings or other arrangements when needed, we may be required to delay, reduce or eliminate our product development or future commercialization efforts, or grant rights to develop and market product candidates that we would otherwise prefer to develop and market ourselves.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

Not applicable since we are a smaller reporting company.

Item 4. Controls and Procedures.

Management's Evaluation of our Disclosure Controls and Procedures

Our management, with the participation of our Chief Executive Officer and Chief Operating Officer (Principal Financial Officer), evaluated the effectiveness of our disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended, or the Exchange Act, as of September 30, 2022. Management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving their objectives and management necessarily applies its judgment in evaluating the cost-benefit relationship of possible controls and procedures. Based on the evaluation of our disclosure controls and procedures as of September 30, 2022, our Chief Executive Officer and Chief Operating Officer (Principal Financial Officer) concluded that, as of such date, our disclosure controls and procedures were effective.

Changes in Internal Control over Financial Reporting

There was no change in our internal control over financial reporting, as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act, that occurred during the quarter ended September 30, 2022 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II—OTHER INFORMATION

Item 1. Legal Proceedings.

As of the date of this Quarterly Report on Form 10-Q, we are not involved in any material legal proceedings. However, from time to time, we could be subject to various legal proceedings and claims that arise in the ordinary course of our business activities. Regardless of the outcome, legal proceedings can have an adverse impact on us because of defense and settlement costs, diversion of management resources and other factors.

Item 1A. Risk Factors

In addition to the other information set forth in this report, you should carefully consider the risk factors discussed in Part I, Item 1A "Risk Factors" in our Annual Report on Form 10-K for the fiscal year ended December 31, 2021, which could materially affect our business, financial condition, or results of operations.

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

None.

Item 3. Defaults Upon Senior Securities.

None.

Item 4. Mine Safety Disclosures.

Not applicable.

Item 5. Other Information.

On November 9, 2022, we issued a press release announcing our financial results for the quarter ended September 30, 2022. A copy of this press release is attached as Exhibit 99.1 to this Quarterly Report. The information regarding this press release in this Item 5 (including Exhibit 99.1) shall not be deemed "filed" for purposes of Section 18 of the Exchange Act or otherwise subject to the liabilities of that section, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act, except as expressly set forth by specific reference in such a filing.

Item 6. Exhibits.

Exhibit Number	Description
10.1*	Registration Rights Agreement dated November 2, 2022.
10.2*	Securities Purchase Agreement dated November 2, 2022.
31.1*	Certification of Principal Executive Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2*	Certification of Principal Financial Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1**	Certification of Principal Executive Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2**	Certification of Principal Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
99.1**	Press release titled "Compass Therapeutics Reports Third Quarter 2022 Financial Results and Provides Corporate Update".
101.INS	Inline XBRL Instance Document – the instance document does not appear in Interactive Data File because its XBRL tags are embedded within the Inline XBRL Document
101.SCH	Inline XBRL Taxonomy Extension Schema Document
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

* Filed herewith.

** These exhibits are being furnished and shall not be deemed to be “filed” for purposes of Section 18 of the Exchange Act, or otherwise subject to the liability of that section, nor shall such exhibits be deemed to be incorporated by reference in any registration statement or other document filed under the Securities Act or the Exchange Act, except as otherwise stated in such filing.

SIGNATURES

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

Company Name

Date: November 9, 2022

By: /s/ Thomas Schuetz

Thomas Schuetz, MD
Chief Executive Officer (Principal Executive Officer)

Date: November 9, 2022

By: /s/ Vered Bisker-Leib

Vered Bisker-Leib, PhD
President and Chief Operating Officer (Principal Financial Officer)

Date: November 9, 2022

By: /s/ Neil Lerner

Neil Lerner, CPA
Vice President - Finance

Exhibit 10.1

EXECUTION VERSION

REGISTRATION RIGHTS AGREEMENT

This REGISTRATION RIGHTS AGREEMENT (this "Agreement") is made and entered into as of November 2, 2022 by and among Compass Therapeutics, Inc., a Delaware corporation (the "Company"), and the "Investors" named in that certain Securities Purchase Agreement by and among the Company and the Investors (the "Purchase Agreement"). Capitalized terms used herein have the respective meanings ascribed thereto in the Purchase Agreement unless otherwise defined herein.

The parties hereby agree as follows:

1. Certain Definitions.

As used in this Agreement, the following terms shall have the following meanings: "Board of Directors" means the board of directors of the Company.

"Effectiveness Deadline" means, with respect to the Registration Statement, February 1, 2023.

"Investors" means the Investors identified in the Purchase Agreement and any Affiliate or permitted transferee of any Investor who is a subsequent holder of Registrable Securities.

"Prospectus" means (i) the prospectus included in any Registration Statement, as amended or supplemented by any prospectus supplement, with respect to the terms of the offering of any portion of the Registrable Securities covered by such Registration Statement and by all other amendments and supplements to the prospectus, including post- effective amendments and all material incorporated by reference in such prospectus and (ii) any "free writing prospectus" as defined in Rule 405 under the Securities Act of 1933, as amended (the "1933 Act").

"Register," "registered" and "registration" refer to a registration made by preparing and filing a Registration Statement or similar document in compliance with the 1933 Act, and the declaration or ordering of effectiveness of such Registration Statement or document.

"Registrable Securities" means (i) the Purchased Shares and (ii) any other securities issued or issuable with respect to or in exchange for Registrable Securities, whether by merger, charter amendment or otherwise; provided, that a security shall cease to be a Registrable Security upon sale pursuant to a Registration Statement or Rule 144 under the 1933 Act.

"Registration Statement" means any registration statement of the Company under the 1933 Act that covers the resale of any of the Registrable Securities pursuant to the provisions of this Agreement, amendments and supplements to such Registration Statement, including post-effective amendments, all exhibits and all material incorporated by reference in such Registration Statement.

"Required Investors" means the Investors holding a majority of the Registrable Securities outstanding from time to time.

2. Registration.

(a) Registration Statements.

(i) Promptly following the Closing Date but in any case no later than 30 days after the Closing Date (the "Filing Deadline"), the Company shall prepare and file with the Securities and Exchange Commission (the "SEC") one Registration Statement covering the resale of all of the Registrable Securities. Subject to any SEC comments, such Registration Statement shall include the plan of distribution attached hereto as Exhibit A. Such Registration Statement also shall cover, to the extent allowable under the 1933 Act and the rules promulgated thereunder (including Rule 416), such indeterminate number of additional shares of Common Stock resulting from stock splits, stock dividends or similar transactions with respect to the Registrable Securities. Such Registration Statement shall

not include any shares of Common Stock or other securities for the account of any other holder without the prior written consent of the Required Investors. Such Registration Statement (and each amendment or supplement thereto, and each request for acceleration of effectiveness thereof) shall be provided in accordance with Section 4(c) to the Investors prior to its filing or other submission. If a Registration Statement covering the Registrable Securities is not filed with the SEC on or prior to the Filing Deadline, the Company will make pro rata payments to each Investor, as liquidated damages and not as a penalty, in an amount equal to 1% of the aggregate amount invested by such Investor for each 30-day period or pro rata for any portion thereof following the Filing Deadline for which no Registration Statement is filed with respect to the Registrable Securities. Such payments shall constitute the Investors' exclusive monetary remedy for such events, but shall not affect the right of the Investors to seek injunctive relief. Such payments shall be made to each Investor in cash no later than three Business Days after the end of each 30-day period (the "Payment Date"). Interest shall accrue at the rate of 1% per month on any such liquidated damages payments that shall not be paid by the Payment Date until such amount is paid in full. The parties agree that the maximum aggregate liquidated damages payable to a holder of Registrable Securities under this Agreement shall be 5.0% of the aggregate purchase price paid by such holder pursuant to the Purchase Agreement for the Registrable Securities then held by such holder.

(ii) The Registration Statement referred to in Section 2(a)(i) shall be on Form S-3. In the event that Form S-3 is not available for the registration of the resale of Registrable Securities hereunder at the Filing Deadline, the Company shall (i) register the resale of the Registrable Securities on such other form as is available to the Company and (ii) so long as Registrable Securities remain outstanding, promptly following the date upon which the Company becomes eligible to use a registration statement on Form S-3 to register the Registrable Securities for resale (the "Qualification Date"), but in no event more than 30 days after the Qualification Date (the "Qualification Deadline"), the Company shall file a registration statement on Form S-3 covering the Registrable Securities (or a post-effective amendment on Form S-3 to a registration statement on Form S-1) (a "Shelf Registration Statement"); provided that the Company shall maintain the effectiveness of the Registration Statement then in effect until such time as a Shelf Registration Statement covering the Registrable Securities has been declared effective by the SEC.

(b) Expenses. The Company will pay all reasonable expenses associated with the filing of any Registration Statement, including filing and printing fees, the Company's counsel and accounting fees and expenses, costs associated with clearing the Registrable Securities for sale under applicable state securities laws and listing fees, and including selling stockholder counsel fees in an amount not to exceed $50,000, but excluding discounts, commissions and fees of underwriters, selling brokers, dealer managers or similar securities industry professionals with respect to the Registrable Securities being sold.

(c) Effectiveness.

(i) The Company shall use commercially reasonable efforts to have the Registration Statement declared effective as soon as practicable, but no later than the Effectiveness Deadline. The Company shall notify the Investors by e-mail as promptly as practicable, and in any event, within 48 hours, after any Registration Statement is declared effective and shall simultaneously provide the Investors with copies of any related Prospectus to be used in connection with the sale or other disposition of the securities covered thereby. If (A) a Registration Statement covering the Registrable Securities is not declared effective by the SEC prior to the earlier of (i) 5 Business Days after the SEC informs the Company that no review of such Registration Statement will be made or that the SEC has no further comments on such Registration Statement or (ii) the Effectiveness Deadline or (B) after a Registration Statement has been declared effective by the SEC, sales cannot be made pursuant to such Registration Statement for any reason (including without limitation by reason of a stop order, or the Company's failure to update such Registration Statement), but excluding any Allowed Delay (as defined below), then the Company will make pro rata payments to each Investor then holding Registrable Securities, as liquidated damages and not as a penalty, in an amount equal to 1% of the aggregate amount invested by such Investor for each 30-day period or pro rata for any portion thereof following the date by which such Registration Statement should have been effective (the "Blackout Period"). Such payments shall constitute the Investors' exclusive monetary remedy for such events, but shall not affect the right of the Investors to seek injunctive relief. The amounts payable as liquidated damages pursuant to this paragraph shall be paid monthly within three Business Days of the last day of each month following the commencement of the Blackout Period until the termination of the Blackout Period (the "Blackout Period Payment Date"). Such payments shall be made to each Investor in cash. Interest shall accrue at the rate of 1% per month on any such liquidated damages payments that shall not be paid by the Blackout Payment Date until such amount is paid in full.

(ii) For not more than 30 consecutive days or for a total of not more than 60 days in any 12 month period, the Company may suspend the use of any Prospectus included in any Registration Statement contemplated by this Section 2 in the event that the Company determines in good faith that such suspension is necessary to (A) delay the disclosure of material non-public information concerning the Company, the disclosure of which at the time is not, in the good faith opinion of the Company, in the best interests of the Company or (B) amend or supplement the affected Registration Statement or the related Prospectus so that such Registration Statement or Prospectus shall not include an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the case of the Prospectus in light of the circumstances under which they were made, not misleading (an "Allowed Delay"); provided, that the Company shall promptly (a) notify each Investor in writing of the commencement of an Allowed Delay, but shall not (without the prior written consent of an Investor) disclose to such Investor any material non-public information giving rise to an Allowed Delay, (b) advise the Investors in writing to cease all sales under such Registration Statement until the end of the Allowed Delay and

(c) use commercially reasonable efforts to terminate an Allowed Delay as promptly as practicable. With respect to each Investor, at such time when Rule 144 is available for the resale of such Investor's Registrable Securities without restriction, the time periods referenced in the first sentence of this paragraph shall not limit duration of an Allowed Delay with respect such Investor's Registrable Securities.

(d) Rule 415; Cutback. If at any time the SEC takes the position that the offering of some or all of the Registrable Securities in a Registration Statement is not eligible to be made on a delayed or continuous basis under the provisions of Rule 415 under the 1933 Act or requires any Investor to be named as an "underwriter," the Company shall use commercially reasonable efforts to persuade the SEC that the offering contemplated by such Registration Statement is a valid secondary offering and not an offering "by or on behalf of the issuer" as defined in Rule 415 and that none of the Investors is an "underwriter." The Investors shall have the right to together select one legal counsel designated by the holders of a majority of the Registrable Securities to review and oversee any registration or matters pursuant to this Section 2(d), including participation in any meetings or discussions with the SEC regarding the SEC's position and to comment on any written submission made to the SEC with respect thereto. No such written submission with respect to this matter shall be made to the SEC to which the Investors' counsel reasonably objects. In the event that, despite the Company's commercially reasonable efforts and compliance with the terms of this Section 2(d), the SEC refuses to alter its position, the Company shall (i) remove from such Registration Statement such portion of the Registrable Securities (the "Cut Back Shares") and/or (ii) agree to such restrictions and limitations on the registration and resale of the Registrable Securities as the SEC may require to assure the Company's compliance with the requirements of Rule 415 (collectively, the "SEC Restrictions"); provided, however, that the Company shall not agree to name any Investor as an "underwriter" in such Registration Statement without the prior written consent of such Investor. Any cut-back imposed on the Investors pursuant to this Section 2(d) shall be allocated among the Investors on a pro rata basis and shall be applied first to any of the Registrable Securities of such Investor as such Investor shall designate, unless the SEC Restrictions otherwise require or provide or the Investors otherwise agree. No liquidated damages shall accrue as to any Cut Back Shares until such date as the Company is able to effect the registration of such Cut Back Shares in accordance with any SEC Restrictions applicable to such Cut Back Shares (such date, the "Restriction Termination Date"). In furtherance of the foregoing, each Investor shall provide the Company with prompt written notice of its sale of substantially all of the Registrable Securities under such Registration Statement such that the Company will be able to file one or more additional Registration Statements covering the Cut Back Shares. From and after the Restriction Termination Date applicable to any Cut Back Shares, all of the provisions of this Section 2 (including the Company's obligations with respect to the filing of a Registration Statement and its obligations to use commercially reasonable efforts to have such Registration Statement declared effective within the time periods set forth herein and the liquidated damages provisions relating thereto) shall again be applicable to such Cut Back Shares; provided, however, that (i) the Filing Deadline and/or the Qualification Deadline, as applicable, for such Registration Statement including such Cut Back Shares shall be 10 Business Days after such Restriction Termination Date, and (ii) the date by which the Company is required to obtain effectiveness with respect to such Cut Back Shares shall be the 90th day immediately after the Restriction Termination Date.

3. Secondary Offering. If the Company proposes to effect a secondary sale of shares of the Company's Common Stock of its stockholders by means of an underwritten offering or a block trade of at least (i) 3,000,000 shares of Registrable Securities (as adjusted for any stock split, dividend, combination or other recapitalization from the date hereof) or (ii) an estimated market value of at least $10,000,000 (a "Secondary Offering"), the Company shall promptly give notice of such Secondary Offering at least ten (10) Business Days prior to the anticipated filing date

of the prospectus or supplement relating to such Secondary Offering to the Investors and thereupon shall use its commercially reasonable efforts to effect, as expeditiously as possible, the offering in such Secondary Offering of subject to the restrictions set forth in this Section 3, all Registrable Securities for which the Investors have requested (such requesting Investors, "Requesting Investors") to be included in such Secondary Offering within five (5) Business Days after the Company has delivered notice of the Secondary Offering, all to the extent necessary to permit the disposition (in accordance with the intended methods thereof as aforesaid) of the Registrable Securities so to be offered. All Investors proposing to distribute their securities through such Secondary Offering shall enter into an underwriting agreement or other agreement(s), including, if requested by the managing underwriter or investment bank, any lock-up or market standoff agreements, in customary form with the underwriter(s) or investment bank(s) selected for such Secondary Offering as may be mutually agreed upon among the Company, the underwriter(s) or investment bank(s) and the selling stockholders in such Secondary Offering. In connection with a Secondary Offering, the Company shall enter into and perform its obligations under an underwriting agreement or other agreement(s), in usual and customary form as may be mutually agreed upon among the Company, the underwriter(s) or investment bank(s) and the selling stockholders in such Secondary Offering. Notwithstanding any other provision of this Section 3, if the managing underwriter in good faith advises the Requesting Investors and the Company in writing that the inclusion of all Registrable Securities proposed to be included by the Requesting Investors would materially and adversely interfere with the successful marketing of such offering, then the number of shares, including the Registrable Securities, that may be included in such Secondary Offering shall be allocated among the selling stockholders in such Secondary Offering as follows: (i) first, the shares of common stock to be included in such Secondary Offering by the selling stockholders in such Secondary Offering and the Registrable Securities requested to be included in such Secondary Offering by the Requesting Investors in proportion (as nearly as practicable) to the number of shares of common stock or Registrable Securities proposed to be sold by each such selling stockholder and such Requesting Investors or in such other proportion as shall mutually be agreed to by all such selling stockholders and Requesting Investors in such Secondary Offering; and (ii) second to the Company, if the Company desires to sell any shares of Common Stock or other securities in such offering.

4. Company Obligations. The Company will use commercially reasonable efforts to effect the registration of the Registrable Securities in accordance with the terms hereof, and pursuant thereto the Company will, as expeditiously as possible:

(a) use commercially reasonable efforts to cause such Registration Statement to become effective and to remain continuously effective for a period that will terminate upon the earlier of (i) the date on which all Registrable Securities covered by such Registration Statement as amended from time to time, have been sold, and (ii) the later of (A) the date that is five years after the date of this Agreement and (B) with respect to each Investor, the date on which Rule 144 is available for the resale of all of such Investor's Registrable Securities (the "Effectiveness Period") and advise the Investors promptly in writing when the Effectiveness Period has expired;

(b) prepare and file with the SEC such supplements, amendments and post-effective amendments to such Registration Statement and the related Prospectus as may be necessary to keep such Registration Statement effective for the Effectiveness Period and to comply with the provisions of the 1933 Act and the Securities Exchange Act of 1934, as amended (the "1934 Act"), with respect to the distribution of all of the Registrable Securities covered thereby;

(c) provide copies to and permit any counsel designated by the Investors to review each Registration Statement and all amendments and supplements thereto no fewer than three days prior to their filing with the SEC and not file any document to which such counsel reasonably objects; provided, however, for the avoidance of doubt, the Company shall not be required to provide such copies of its Annual Report on Form 10-K, Quarterly Reports on Form 10-Q or other 1934 Act filings;

(d) furnish to each Investor whose Registrable Securities are included in any Registration Statement (i) promptly after the same is prepared and filed with the SEC, if requested by the Investor, one copy of any Registration Statement and any amendment thereto, each preliminary prospectus and Prospectus and each amendment or supplement thereto, and each letter written by or on behalf of the Company to the SEC or the staff of the SEC, and each item of correspondence from the SEC or the staff of the SEC, in each case relating to such Registration Statement (other than any portion of any thereof which contains information for which the Company has sought confidential treatment), and (ii) such number of copies of a Prospectus, including a preliminary prospectus, and all

amendments and supplements thereto and such other documents as each Investor may reasonably request in order to facilitate the disposition of the Registrable Securities owned by such Investor;

(e) use commercially reasonable efforts to (i) prevent the issuance of any stop order or other suspension of effectiveness and, (ii) if such order is issued, obtain the withdrawal of any such order at the earliest practical moment;

(f) prior to any public offering of Registrable Securities, use commercially reasonable efforts to register or qualify or cooperate with the Investors and their counsel in connection with the registration or qualification of such Registrable Securities for the offer and sale under the securities or blue sky laws of such jurisdictions requested by the Investors and do any and all other commercially reasonable acts or things necessary or advisable to enable the distribution in such jurisdictions of the Registrable Securities covered by the Registration Statement; provided, however, that the Company shall not be required in connection therewith or as a condition thereto to (i) qualify to do business in any jurisdiction where it would not otherwise be required to qualify but for this Section 4(f), (ii) subject itself to general taxation in any jurisdiction where it would not otherwise be so subject but for this Section 4(f), or (iii) file a general consent to service of process in any such jurisdiction;

(g) use commercially reasonable efforts to cause all Registrable Securities covered by a Registration Statement to be listed on each securities exchange, interdealer quotation system or other market on which similar securities issued by the Company are then listed;

(h) promptly notify the Investors, at any time prior to the end of the Effectiveness Period, upon discovery that, or upon the happening of any event as a result of which, the Prospectus includes an untrue statement of a material fact or omits to state any material fact required to be stated therein or necessary to make the statements therein not misleading in light of the circumstances then existing, and promptly prepare, file with the SEC and furnish to such holder a supplement to or an amendment of such Prospectus as may be necessary so that such Prospectus shall not include an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading in light of the circumstances then existing;

(i) otherwise use commercially reasonable efforts to comply with all applicable rules and regulations of the SEC under the 1933 Act and the 1934 Act, including, without limitation, (i) Rule 172 under the 1933 Act, file any final Prospectus, including any supplement or amendment thereof, with the SEC pursuant to Rule 424 under the 1933 Act, (ii) promptly inform the Investors in writing if, at any time during the Effectiveness Period, the Company does not satisfy the conditions specified in Rule 172 and, as a result thereof, the Investors are required to deliver a Prospectus in connection with any disposition of Registrable Securities and take such other actions as may be reasonably necessary to facilitate the registration of the Registrable Securities hereunder, (iii) and make available to its security holders, as soon as reasonably practicable, but not later than the Availability Date (as defined below), an earnings statement covering a period of at least 12 months, beginning after the effective date of each Registration Statement, which earnings statement shall satisfy the provisions of Section 11(a) of the 1933 Act, including Rule 158 promulgated thereunder (for the purpose of this subsection 4(i), "Availability Date" means the 45th day following the end of the fourth fiscal quarter that includes the effective date of such Registration Statement, except that, if such fourth fiscal quarter is the last quarter of the Company's fiscal year, "Availability Date" means the 90th day after the end of such fourth fiscal quarter);

(j) with a view to making available to the Investors the benefits of Rule 144 (or its successor rule) and any other rule or regulation of the SEC that may at any time permit the Investors to sell shares of Common Stock to the public without registration, the Company covenants and agrees to: (i) make and keep public information available, as those terms are understood and defined in Rule 144, until the earlier of (A) six months after such date as all of the Registrable Securities may be sold without restriction by the holders thereof pursuant to Rule 144 or any other rule of similar effect or (B) such date as all of the Registrable Securities shall have been resold; (ii) file with the SEC in a timely manner all reports and other documents required of the Company under the 1934 Act; and (iii) furnish to each Investor upon request, as long as such Investor owns any Registrable Securities, (A) a written statement by the Company that it has complied with the reporting requirements of the 1934 Act (to the extent not previously addressed by the representation on the cover of the most recent Annual Report on Form 10-K or Quarterly Report on Form 10-Q, as applicable, filed by the Company), (B) a copy of the Company's most recent Annual Report on Form

10-K or Quarterly Report on Form 10-Q, and (C) such other information as may be reasonably requested in order to avail such Investor of any rule or regulation of the SEC that permits the selling of any such Registrable Securities without registration; and

(k) take all other commercially reasonable actions necessary to enable, expedite or facilitate the Investors' disposal of their Registrable Securities by means of a Registration Statement as contemplated hereby.

5. Due Diligence Review; Information. If any Investor is required under applicable securities laws to be described in a Registration Statement as an "underwriter," the Company shall, upon reasonable prior notice, make available, during normal business hours, for inspection and review by the Investors, advisors to and representatives of the Investors (who may or may not be affiliated with the Investors and who are reasonably acceptable to the Company) (collectively, the "Inspectors"), all pertinent financial and other records, and all other corporate documents and properties of the Company (collectively, the "Records") as may be reasonably necessary for the purpose of such review, and cause the Company's officers, directors and employees, within a reasonable time period, to supply all such information reasonably requested by the Inspectors (including, without limitation, in response to all questions and other inquiries reasonably made or submitted by any of them), prior to and from time to time after the filing and effectiveness of such Registration Statement for the sole purpose of enabling such Investor and its accountants and attorneys to conduct such due diligence solely for the purpose of establishing a due diligence defense to underwriter liability under the 1933 Act; provided, however, that each Inspector shall agree to hold in strict confidence and shall not make any disclosure (except to such Investor) or use of any Record or other information which the Company determines in good faith to be confidential, and of which determination the Inspectors are so notified, unless (a) the disclosure of such Records is necessary to avoid or correct a misstatement or omission in any Registration Statement or is otherwise required under the 1933 Act, (b) the release of such Records is ordered pursuant to a final, non- appealable subpoena or order from a court or government body of competent jurisdiction, or (c) the information in such Records has been made generally available to the public other than by disclosure in violation of this or any other Transaction Document.

Notwithstanding the foregoing, the Company shall not disclose material nonpublic information to the Investors, or to advisors to or representatives of the Investors, unless prior to disclosure of such information the Company identifies such information as being material nonpublic information and provides the Investors, such advisors and representatives with the opportunity to accept or refuse to accept such material nonpublic information for review and any Investor wishing to obtain such information enters into an appropriate confidentiality agreement with the Company with respect thereto.

6. Obligations of the Investors.

(a) Each Investor shall furnish in writing to the Company such information regarding itself, the Registrable Securities held by it and the intended method of disposition of the Registrable Securities held by it, as shall be reasonably required to effect the registration of such Registrable Securities and shall execute such documents in connection with such registration as the Company may reasonably request. At least five Business Days prior to the first anticipated filing date of any Registration Statement, the Company shall notify each Investor of the information the Company requires from such Investor if such Investor elects to have any of the Registrable Securities included in such Registration Statement. An Investor shall provide such information to the Company at least two Business Days prior to the first anticipated filing date of such Registration Statement if such Investor elects to have any of the Registrable Securities included in such Registration Statement.

(b) Each Investor, by its acceptance of the Registrable Securities, agrees to cooperate with the Company as reasonably requested by the Company in connection with the preparation and filing of a Registration Statement hereunder, unless such Investor has notified the Company in writing of its election to exclude all of its Registrable Securities from such Registration Statement.

(c) Each Investor agrees that, upon receipt of any notice from the Company of either (i) the commencement of an Allowed Delay pursuant to Section 2(c)(ii) or (ii) the happening of an event pursuant to Section 4(h) hereof, such Investor will as promptly as practicable discontinue disposition of Registrable Securities pursuant to any

Registration Statement covering such Registrable Securities, until the Investor is advised by the Company that such dispositions may again be made.

7. Indemnification.

(a) Indemnification by the Company. The Company will indemnify and hold harmless each Investor and its officers, directors, members, employees and agents, successors and assigns, and each other person, if any, who controls such Investor within the meaning of the 1933 Act, against any losses, claims, damages or liabilities, joint or several, to which they may become subject under the 1933 Act or otherwise, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon: any untrue statement or alleged untrue statement or omission or alleged omission of any material fact contained in any Registration Statement, any preliminary Prospectus or final Prospectus, or any amendment or supplement thereof or any violation or alleged violation by the Company of the 1933 Act, the 1934 Act or any state securities law or any rule or regulation thereunder, in connection with the performance of its obligations under this Agreement and, in each case, will reimburse such Investor, and each such officer, director or member and each such controlling person for any legal or other documented, out-of-pocket expenses reasonably incurred by them in connection with investigating or defending any such loss, claim, damage, liability or action; provided, however, that the Company will not be liable in any such case if and to the extent that any such loss, claim, damage or liability (i) arises out of or is based upon an untrue statement or alleged untrue statement or omission or alleged omission so made in conformity with information furnished by such Investor or any such controlling person in writing specifically for use in such Registration Statement or Prospectus or (ii) is finally judicially determined to have resulted from an Investor's bad faith, gross negligence, recklessness, fraud or willful misconduct.

(b) Indemnification by the Investors. Each Investor agrees, severally but not jointly, to indemnify and hold harmless, to the fullest extent permitted by law, the Company, its directors, officers, employees, stockholders and each person who controls the Company (within the meaning of the 1933 Act) against any losses, claims, damages, liabilities and expense (including reasonable attorney fees) resulting from any untrue statement of a material fact or any omission of a material fact required to be stated in any Registration Statement or Prospectus or preliminary Prospectus or amendment or supplement thereto or necessary to make the statements therein not misleading, to the extent, but only to the extent that such untrue statement of material fact or omission is contained in any information furnished in writing by such Investor to the Company specifically for inclusion in such Registration Statement or Prospectus or amendment or supplement thereto. In no event shall the liability of an Investor be greater in amount than the dollar amount of the proceeds received by such Investor upon the sale of the Registrable Securities included in such Registration Statement giving rise to such indemnification obligation.

(c) Conduct of Indemnification Proceedings. Any person entitled to indemnification hereunder shall (i) give prompt written notice to the indemnifying party of any claim with respect to which it seeks indemnification and (ii) permit such indemnifying party to assume the defense of such claim with counsel reasonably satisfactory to the indemnified party; provided that any person entitled to indemnification hereunder shall have the right to employ separate counsel and to participate in the defense of such claim, but the fees and expenses of such counsel shall be at the expense of such person unless (a) the indemnifying party has agreed in writing to pay such fees or expenses, (b) the indemnifying party shall have failed to assume the defense of such claim and employ counsel reasonably satisfactory to such person or (c) in the reasonable judgment of any such person, based upon written advice of its counsel, a conflict of interest exists between such person and the indemnifying party with respect to such claims (in which case, if the person notifies the indemnifying party in writing that such person elects to employ separate counsel at the expense of the indemnifying party, the indemnifying party shall not have the right to assume the defense of such claim on behalf of such person); and provided, further that the failure of any indemnified party to give written notice as provided herein shall not relieve the indemnifying party of its obligations hereunder, except to the extent that such failure to give notice shall materially adversely affect the indemnifying party in the defense of any such claim or litigation. It is understood that the indemnifying party shall not, in connection with any proceeding in the same jurisdiction, be liable for fees or expenses of more than one separate firm of attorneys at any time for all such indemnified parties. No indemnifying party will, except with the consent of the indemnified party, consent to entry of any judgment or enter into any settlement that does not include as an unconditional term thereof the giving by the claimant or plaintiff to such indemnified party of a release from all liability in respect of such claim or litigation.

(d) Contribution. If for any reason the indemnification provided for in the preceding paragraphs (a) and (b) is unavailable to an indemnified party or insufficient to hold it harmless, other than as expressly specified therein, then the indemnifying party shall contribute to the amount paid or payable by the indemnified party as a result of such loss, claim, damage or liability in such proportion as is appropriate to reflect the relative fault of the indemnified party and the indemnifying party, as well as any other relevant equitable considerations. No person guilty of fraudulent misrepresentation within the meaning of Section 11(f) of the 1933 Act shall be entitled to contribution from any person not guilty of such fraudulent misrepresentation. In no event shall the aggregate liability a holder of Registrable Securities under Section 7(c) and Section 7(b) be greater in amount than the dollar amount of the net proceeds received by it upon the sale of the Registrable Securities giving rise to such contribution obligation. The amount paid or payable by a party as a result of the losses or other liabilities referred to above shall be deemed to include, subject to the limitations set forth in Section 7(a), 7(b) and 7(c), any legal or other fees, charges or expenses reasonably incurred by such party in connection with any investigation or proceeding. The parties agree that it would not be just and equitable if contribution pursuant to this Section 7(d) were determined by pro rata allocation or by any other method of allocation, which does not take account of the equitable considerations referred to in this Section 7(d).

8. Miscellaneous.

(a) Effective Date. This Agreement shall be effective as of the Closing Date, and if the Closing Date has not occurred on or prior to the fifth trading day following the date of the Purchase Agreement, unless otherwise mutually agreed, then this Agreement shall be null and void.

(b) Amendments and Waivers. This Agreement may be amended only by a writing signed by the Company and the Required Investors. The Company may take any action herein prohibited, or omit to perform any act herein required to be performed by it, only if the Company shall have obtained the written consent to such amendment, action or omission to act, of the Required Investors.

(c) Notices. All notices and other communications provided for or permitted hereunder shall be made as set forth in Section 9.4 of the Purchase Agreement.

(d) Assignments and Transfers by Investors. The provisions of this Agreement shall be binding upon and inure to the benefit of the Investors and their respective successors and assigns. An Investor may transfer or assign, in whole or from time to time in part, to one or more persons its rights hereunder in connection with the transfer of Registrable Securities by such Investor to such person, provided that such Investor complies with all laws applicable thereto, and the provisions of the Purchase Agreement, and provides written notice of assignment to the Company promptly after such assignment is effected, and such person agrees in writing to be bound by all of the provisions contained herein.

(e) Assignments and Transfers by the Company. This Agreement may not be assigned by the Company (whether by operation of law or otherwise) without the prior written consent of the Required Investors, provided, however, that in the event that the Company is a party to a merger, consolidation, share exchange or similar business combination transaction in which the Common Stock is converted into the equity securities of another Person, from and after the effective time of such transaction, such Person shall, by virtue of such transaction, be deemed to have assumed the obligations of the Company hereunder, the term “Company” shall be deemed to refer to such Person and the term “Registrable Securities” shall be deemed to include the securities received by the Investors in connection with such transaction unless such securities are otherwise freely tradable by the Investors after giving effect to such transaction.

(f) Benefits of the Agreement. The terms and conditions of this Agreement shall inure to the benefit of and be binding upon the respective permitted successors and assigns of the parties. Nothing in this Agreement, express or implied, is intended to confer upon any party other than the parties hereto or their respective successors and assigns any rights, remedies, obligations, or liabilities under or by reason of this Agreement, except as expressly provided in this Agreement.

(g) Counterparts; Faxes. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. This Agreement may also be executed electronically, which shall be deemed an original.

(h) Titles and Subtitles. The titles and subtitles used in this Agreement are used for convenience only and are not to be considered in construing or interpreting this Agreement.

(i) Severability. Any provision of this Agreement that is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof but shall be interpreted as if it were written so as to be enforceable to the maximum extent permitted by applicable law, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction. To the extent permitted by applicable law, the parties hereby waive any provision of law which renders any provisions hereof prohibited or unenforceable in any respect.

(j) Further Assurances. The parties shall execute and deliver all such further instruments and documents and take all such other actions as may reasonably be required to carry out the transactions contemplated hereby and to evidence the fulfillment of the agreements herein contained.

(k) Entire Agreement. This Agreement is intended by the parties as a final expression of their agreement and intended to be a complete and exclusive statement of the agreement and understanding of the parties hereto in respect of the subject matter contained herein. This Agreement supersedes all prior agreements and understandings between the parties with respect to such subject matter.

(l) Governing Law; Consent to Jurisdiction; Waiver of Jury Trial. This Agreement shall be governed by, and construed in accordance with, the internal laws of the State of New York without regard to the choice of law principles thereof. Each of the parties hereto irrevocably submits to the exclusive jurisdiction of the courts of the State of New York located in New York County and the United States District Court for the Southern District of New York for the purpose of any suit, action, proceeding or judgment relating to or arising out of this Agreement and the transactions contemplated hereby. Service of process in connection with any such suit, action or proceeding may be served on each party hereto anywhere in the world by the same methods as are specified for the giving of notices under this Agreement. Each of the parties hereto irrevocably consents to the jurisdiction of any such court in any such suit, action or proceeding and to the laying of venue in such court. Each party hereto irrevocably waives any objection to the laying of venue of any such suit, action or proceeding brought in such courts and irrevocably waives any claim that any such suit, action or proceeding brought in any such court has been brought in an inconvenient forum. EACH OF THE PARTIES HERETO WAIVES ANY RIGHT TO REQUEST A TRIAL BY JURY IN ANY LITIGATION WITH RESPECT TO THIS AGREEMENT AND REPRESENTS THAT COUNSEL HAS BEEN CONSULTED SPECIFICALLY AS TO THIS WAIVER.

(m) Subsequent Registration Rights. The Company shall not enter into any agreement granting registration rights that are superior to or that would adversely affect the registration rights set forth in this Agreement without the written consent of the Required Investors.

(n) Opt-Out Requests. An Investor shall have the right, at any time and from time to time (including after receiving information regarding any potential public offering), to elect by giving ten (10) Business Days' notice to the Company to not receive any notice that the Company otherwise is required to deliver pursuant to this Agreement by delivering to the Company a written statement signed by such Investor that it does not want to receive any notices hereunder (an “Opt-Out Request”); in which case and notwithstanding anything to the contrary in this Agreement, the Company shall not be required to, and shall not deliver any notice or other information required to be provided to Investors hereunder to the extent that the Company reasonably expects that it would result in an Investor acquiring material non-public information within the meaning of Regulation FD promulgated under the Exchange Act. An Opt-Out Request may state a date on which it expires or, if no such date is specified, shall remain in effect indefinitely. An Investor who previously has given the Company an Opt-Out Request may revoke such request at any time by giving ten (10) Business Days' notice to the Company, and there shall be no limit on the ability of an Investor to issue and revoke subsequent Opt-Out Requests.

[Remainder of page intentionally left blank]

We are registering the shares of common stock to permit the resale of these shares of common stock by the holders of the common stock from time to time after the date of this prospectus. We will not receive any of the proceeds from the sale by the selling stockholders of the shares of common stock. We will bear all fees and expenses incident to our obligation to register the shares of common stock, except that, if the shares of common stock are sold through underwriters or broker-dealers, the selling stockholders will be responsible for underwriting discounts or commissions or agent's commissions.

The selling stockholders may sell all or a portion of the shares of our common stock beneficially owned by them and offered hereby from time to time directly or through one or more underwriters, broker-dealers or agents. The shares of common stock may be sold in one or more transactions at fixed prices, at prevailing market prices at the time of the sale, at varying prices determined at the time of sale, or at negotiated prices. These sales may be effected in transactions, which may involve crosses or block transactions,

- on any national securities exchange or quotation service on which the securities may be listed or quoted at the time of sale;
- in the over-the-counter market;
- in transactions otherwise than on these exchanges or systems or in the over-the-counter market;
- through the writing of options, whether such options are listed on an options exchange or otherwise;
- ordinary brokerage transactions and transactions in which the broker-dealer solicits purchasers;
- block trades in which the broker-dealer will attempt to sell the shares as agent but may position and resell a portion of the block as principal to facilitate the transaction;
- purchases by a broker-dealer as principal and resale by the broker-dealer for its account;
- distributions to members, partners, stockholders or other equityholders of the selling stockholders;
- an exchange distribution in accordance with the rules of the applicable exchange;
- privately negotiated transactions;
- short sales;
- sales pursuant to Rule 144 of the Securities Act;
- broker-dealers may agree with the selling stockholder to sell a specified number of such shares at a stipulated price per share;
- a combination of any such methods of sale; and
- any other method permitted pursuant to applicable law.

If the selling stockholders effect such transactions by selling shares of our common stock to or through underwriters, broker-dealers or agents, such underwriters, broker-dealers or agents may receive commissions in the form of discounts, concessions or commissions from the selling stockholders or commissions from purchasers of the shares of our common stock for whom they may act as agent or to whom they may sell as principal (which discounts, concessions or commissions as to particular underwriters, broker-dealers or agents may be in excess of those customary in the types of transactions involved). In connection with sales of the shares of our common stock or otherwise, the selling stockholders may enter into hedging transactions with broker-dealers, which may in turn engage in short sales of the shares of our common stock in the course of hedging in positions they assume. The selling stockholders may also sell shares of our common stock short and deliver shares of our common stock covered by this prospectus to close out short positions and to return borrowed shares in connection with such short sales. The selling stockholders may also loan or pledge shares of our common stock to broker-dealers that in turn may sell such shares.

The selling stockholders may pledge or grant a security interest in some or all of the shares of our common stock owned by them and, if they default in the performance of their secured obligations, the pledgees or secured parties may offer and sell the shares of common stock from time to time pursuant to this prospectus or other applicable provisions of the Securities Act, amending, if necessary, the list of selling stockholders to include the pledgee, transferee or other successors in interest as selling stockholders under this prospectus. The selling stockholders also may transfer and donate the shares of our common stock in other circumstances in which case the transferees, donees, pledgees or other successors in interest will be the selling beneficial owners for purposes of this prospectus.

The selling stockholders and any broker-dealer participating in the distribution of the shares of our common stock may be deemed to be "underwriters" within the meaning of the Securities Act, and any commission paid, or any discounts or concessions allowed to, any such broker-dealer may be deemed to be underwriting commissions or

discounts under the Securities Act. At the time a particular offering of the shares of our common stock is made, a prospectus supplement, if required, will be distributed which will set forth the aggregate amount of shares of our common stock being offered and the terms of the offering, including the name or names of any broker-dealers or agents, any discounts, commissions and other terms constituting compensation from the selling stockholders and any discounts, commissions or concessions allowed or reallowed or paid to broker-dealers.

Under the securities laws of some states, the shares of our common stock may be sold in such states only through registered or licensed brokers or dealers. In addition, in some states the shares of our common stock may not be sold unless such shares have been registered or qualified for sale in such state or an exemption from registration or qualification is available and is complied with.

There can be no assurance that any selling stockholder will sell any or all of the shares of our common stock registered pursuant to the registration statement, of which this prospectus forms a part.

The selling stockholders and any other person participating in such distribution will be subject to applicable provisions of the Exchange Act, and the rules and regulations thereunder, including, without limitation, Regulation M of the Exchange Act, which may limit the timing of purchases and sales of any of the shares of our common stock by the selling stockholders and any other participating person. Regulation M may also restrict the ability of any person engaged in the distribution of the shares of our common stock to engage in market-making activities with respect to the shares of our common stock. All of the foregoing may affect the marketability of the shares of our common stock and the ability of any person or entity to engage in market-making activities with respect to the shares of our common stock.

We will pay all expenses of the registration of the shares of our common stock pursuant to the registration statement of which this prospectus forms a part, including, without limitation, SEC filing fees and expenses of compliance with state securities or “blue sky” laws; provided, however, that the selling stockholders will pay all underwriting discounts and selling commissions, if any. We will indemnify the selling stockholders against liabilities, including some liabilities under the Securities Act, or the selling stockholders will be entitled to contribution. We may be indemnified by the selling stockholders against civil liabilities, including liabilities under the Securities Act, that may arise from any written information furnished to us by the selling stockholder specifically for use in this prospectus or we may be entitled to contribution.

Once sold under the registration statement of which this prospectus forms a part, the shares of our common stock will be freely tradable in the hands of persons other than our affiliates.

Exhibit 10.2

EXECUTION VERSION

SECURITIES PURCHASE AGREEMENT

This SECURITIES PURCHASE AGREEMENT (this "Agreement") is made and entered into as of November 2, 2022 by and among Compass Therapeutics, Inc., a Delaware corporation (the "Company"), and the Investors identified on Exhibit A attached hereto (each an "Investor" and collectively the "Investors").

RECITALS

WHEREAS, the Company and the Investors are executing and delivering this Agreement in reliance upon the exemption from securities registration afforded by the provisions of Section 4(a)(2) of the Securities Act of 1933, as amended, or any successor statute, and the rules and regulations promulgated thereunder (the "1933 Act") and/or Rule 506 of Regulation D ("Regulation D"), as promulgated by the U.S. Securities and Exchange Commission (the "SEC") under the 1933 Act;

WHEREAS, the Investors wish to purchase from the Company, and the Company wishes to sell and issue to the Investors, upon the terms and subject to the conditions stated in this Agreement, that aggregate number of shares of the Company's common stock, par value $0.0001 per share (the "Common Stock") as set forth next to such Investors name on Exhibit A;

WHEREAS, the shares of Common Stock to be sold pursuant to the terms of this Agreement are sometimes referred to herein as the "Purchased Shares"; and

WHEREAS, contemporaneously with the sale of the Purchased Shares, the parties hereto will execute and deliver a Registration Rights Agreement, in the form attached hereto as Exhibit B (the "Registration Rights Agreement"), pursuant to which the Company will agree to provide certain registration rights in respect of the Purchased Shares under the 1933 Act, and the rules and regulations promulgated thereunder, and applicable state securities laws.

NOW, THEREFORE, IN CONSIDERATION of the mutual promises made herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. Definitions. For the purposes of this Agreement, the following terms shall have the meanings set forth below:

"Affiliate" means, with respect to any Person, any other Person which directly or indirectly through one or more intermediaries Controls, is controlled by, or is under common Control with, such Person.

"Applicable Laws" means all statutes, rules or regulations of the U.S. Food and Drug Administration ("FDA") and other comparable governmental entities applicable to the ownership, testing, development, manufacture, packaging, processing, use, distribution, marketing, labeling, promotion, sale, offer for sale, storage, import, export or disposal of any product under development, manufactured or distributed by the Company.

"Appointed Director" has the meaning set forth in Section 7.4.

"Authorizations" means any Applicable Laws or any licenses, certificates, approvals, clearances, exemptions, authorizations, permits and supplements or amendments thereto required by any such Applicable Laws.

"Board" has the meaning set forth in Section 6.1(j).

"Business Day" means a day, other than a Saturday or Sunday, on which banks in New York City are open for the general transaction of business.

"Closing" has the meaning set forth in Section 3.1.

"Closing Date" has the meaning set forth in Section 3.1.

"Code" has the meaning set forth in Section 4.38.

"Common Stock" has the meaning set forth in the recitals to this Agreement.

"Company Data" has the meaning set forth in Section 9.7.

"Company IT Assets" has the meaning set forth in Section 4.37.

"Company Securities" has the meaning set forth in Section 4.3(ii)

"Company's Knowledge" means the actual knowledge, after reasonable inquiry, of the executive officers (as defined in Rule 405 under the 1933 Act) of the Company.

"Control" (including the terms "controlling", "controlled by" or "under common control with") means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract or otherwise.

"Debt Repayment Triggering Event" has the meaning set forth in Section 4.10.

"Default" has the meaning set forth in Section 4.10.

"Environmental Laws" has the meaning set forth in Section 4.16.

"ERISA" has the meaning set forth in Section 4.38.

"ERISA Affiliates" has the meaning set forth in Section 4.38.

"Existing Instrument" has the meaning set forth in Section 4.10.

"FCPA" has the meaning set forth in Section 4.25.

"GAAP" has the meaning set forth in Section 4.18.

"GDPR" has the meaning set forth in Section 4.37.

"Governmental Entity" means any arbitrator, court, governmental body, regulatory body, administrative agency or other authority, body or agency having jurisdiction over the Company or any of its subsidiaries or any of their respective properties, assets or operations.

"Hazardous Materials" has the meaning set forth in Section 4.16.

"Health Care Laws" has the meaning set forth in Section 4.34.

"HIPAA" has the meaning set forth in Section 4.34.

"Intellectual Property" has the meaning set forth in Section 4.15.

"Investor Questionnaire" has the meaning set forth in Section 5.8.

"Licenses" has the meaning set forth in Section 4.13.

"Losses" has the meaning set forth in Section 8.2.

"Material Adverse Effect" means any effect, change, event or occurrence that has or would reasonably be expected to have, individually or in the aggregate, a material adverse effect on (i) the assets, liabilities, results of operations, prospects, condition (financial or otherwise) or business of the Company and its subsidiaries taken as a whole, (ii) the legality or enforceability of any of the Transaction Documents or (iii) the ability of the Company to timely perform its obligations under the Transaction Documents.

"Material Contract" means any contract, instrument or other agreement to which the Company is a party or by which it is bound which is material to the business of the Company, including those that have been filed or were required to have been filed as an exhibit to the SEC Filings pursuant to Item 601(b)(10) of Regulation S-K.

"Minimum Original Amount" means 3,894,075 shares of Common Stock held, directly or indirectly, by Commander Aggregator, LP, as adjusted for any stock splits, recapitalizations and other similar events.

"Money Laundering Laws" has the meaning set forth in Section 4.35.

"Nasdaq" means the Nasdaq Global Select Market.

"OFAC" has the meaning set forth in Section 4.36.

"Person" means an individual, corporation, partnership, limited liability company, trust, business trust, association, joint stock company, joint venture, sole proprietorship, unincorporated organization, governmental authority or any other form of entity not specifically listed herein.

"Personal Data" has the meaning set forth in Section 4.37.

"Placement Agents" means Jefferies LLC, SVB Securities LLC and Stifel, Nicolaus & Company, Incorporated, who the Company has engaged as its exclusive placement agents in connection with the offering of the Purchased Shares.

"Privacy Laws" has the meaning set forth in Section 4.37.

"Product Governmental Authorities" has the meaning set forth in Section 4.30.

"Public Disclosure" has the meaning set forth in Section 9.7.

"Registration Rights Agreement" has the meaning set forth in the recitals to this Agreement.

"Required Investors" has the meaning set forth in the Registration Rights Agreement.

"Sanctions" has the meaning set forth in Section 4.36.

"SEC Filings" means the Company's filings made pursuant to the 1933 Act or the 1934 Act, as applicable, prior to the date hereof.

"Sensitive Company Data" has the meaning set forth in Section 4.37.

"Short Sales" means all "short sales" as defined in Rule 200 of Regulation SHO under the 1934 Act (but shall not be deemed to include the location and/or reservation of borrowable shares of Common Stock).

"Subscription Amount" means, as to an Investor, the aggregate amount to be paid for the shares of Common Stock purchased hereunder as specified opposite such Investor's name on Exhibit A attached hereto, under the column entitled "Aggregate Purchase Price of Purchased Shares," in U.S. Dollars and in immediately available funds.

"Transfer Agent" has the meaning set forth in Section 7.2.

"Transaction Documents" means this Agreement and the Registration Rights Agreement.

"1933 Act" has the meaning set forth in the recitals to this Agreement.

"1934 Act" means the Securities Exchange Act of 1934, as amended, or any successor statute, and the rules and regulations promulgated thereunder.

2. Purchase and Sale of the Common Stock. On the Closing Date, upon the terms and subject to the satisfaction (or waiver by the party entitled to the benefit thereof) of the conditions set forth herein, the Company will issue and sell, and each Investor will purchase, severally and not jointly, the number of shares of Common Stock set forth opposite the name of such Investor under the heading "Number of Purchased Shares" on Exhibit A attached hereto. The purchase price per share of Common Stock shall be $3.21 per share.

3. Closing.

3.1. Upon the satisfaction (or waiver by the party entitled to the benefit thereof) of the conditions set forth in Section 6, the completion of the purchase and sale of the Purchased Sales (the "Closing") shall occur remotely via exchange of documents and signatures at a time (the "Closing Date") to be agreed to by the Company and the Investors but (i) in no event earlier than the second trading day after the date hereof and (ii) in no event later than the fifth trading day after the date hereof, and of which the Investors will be notified in advance by the Company.

3.2. On the Closing Date, each Investor shall deliver or cause to be delivered to the Company the Subscription Amount via wire transfer of immediately available funds pursuant to the wire instructions delivered to such Investor by the Company on or prior to the Closing Date.

3.3. At or before the Closing, the Company shall deliver or cause to be delivered to each Investor the number of Purchased Shares, free and clear of all liens, registered in the name of the Investor (or its nominee in accordance with such Investor's delivery instructions), equal to the number of Purchased Shares set forth opposite the name of such Investor under the heading "Number of Purchased Shares" on Exhibit A attached hereto. The Purchased Shares shall be delivered via a book-entry record through the Transfer Agent, and the Company shall cause the Transfer Agent to deliver to the Investor, at or prior to the Closing, a copy of the records of the Transfer Agent showing the Investor as the owner of the number of Purchased Shares indicated on Exhibit A attached hereto as of the Closing Date.

4. Representations and Warranties of the Company. The Company hereby represents and warrants to the Investors that, except as otherwise described in the SEC Filings, which qualify these representations and warranties in their entirety, other than any risk factor disclosures in any such SEC Filing contained in the "Risk Factors" section or any forward-looking statements within the meaning of the 1933 Act or the 1934 Act thereof (it being acknowledged that nothing disclosed in the SEC Filings shall be deemed to qualify or modify the representations and warranties set forth in Section 4.2, Section 4.3 and Section 4.21):

4.1 Incorporation and Good Standing of the Company and Subsidiaries.

(i) The Company has been duly incorporated and is validly existing as a corporation in good standing under the laws of the jurisdiction of its incorporation and has the corporate power and authority to own, lease and operate its properties and to conduct its business as described in the SEC Filings and to enter into and perform its obligations under the Transaction Documents. The Company is duly qualified as a foreign corporation to transact business and is in good standing in the State of Massachusetts and each other jurisdiction in which such qualification is required, whether by reason of the ownership or leasing of property or the conduct of business.

(ii) Each of the Company's "subsidiaries" (for purposes of this Agreement, as defined in Rule 405 under the 1933 Act) has been duly incorporated or organized, as the case may be, and is validly existing as a corporation, partnership or limited liability company, as applicable, in good standing under the laws of the jurisdiction of its incorporation or organization and has the power and authority (corporate or other) to own, lease and operate its properties and to conduct its business, except as could not be expected, individually or in the aggregate, to result in a Material Adverse Effect. Each of the Company's subsidiaries is duly qualified as a foreign corporation, partnership

or limited liability company, as applicable, to transact business and is in good standing in each jurisdiction in which such qualification is required, whether by reason of the ownership or leasing of property or the conduct of business. All of the issued and outstanding capital stock or other equity or ownership interests of each of the Company's subsidiaries have been duly authorized and validly issued, are fully paid and nonassessable and are owned by the Company, directly or through subsidiaries, free and clear of any security interest, mortgage, pledge, lien, encumbrance or adverse claim. None of the outstanding capital stock or equity interest in any subsidiary was issued in violation of preemptive or similar rights of any security holder of such subsidiary. The constitutive or organizational documents of each of the subsidiaries comply in all material respects with the requirements of applicable laws of its jurisdiction of incorporation or organization and are in full force and effect. The Company does not own or control, directly or indirectly, any corporation, association or other entity other than the subsidiaries listed in Exhibit 21.1 to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2021.

4.2. Authorization. The Company has the requisite corporate power and authority and has taken all requisite corporate action necessary for, and no further action on the part of the Company, its officers, directors and stockholders is necessary for, (i) the authorization, execution and delivery of the Transaction Documents, (ii) the authorization of the performance of all obligations of the Company hereunder or thereunder, and (iii) the authorization for issuance and delivery of the Purchased Shares. The Transaction Documents have been duly authorized, executed and delivered by the Company. The Transaction Documents constitute the legal, valid and binding obligations of the Company, enforceable against the Company in accordance with their terms, subject to bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and similar laws of general applicability, relating to or affecting creditors' rights generally and to general equitable principles.

4.3. Capitalization.

(i) The authorized capital stock of the Company consists, as of November 2, 2022, of (i) 300,000,000 shares of Common Stock, of which 101,286,134 shares are issued and outstanding and 6,797,729 shares are reserved for issuance pursuant to 5,597,729 options and/or 1,200,000 restricted stock units issued under the Company's equity incentive plans, and (ii) 10,000,000 shares of preferred stock, $0.0001 par value per share, none of which is issued and outstanding. No shares of Common Stock are held in the treasury of the Company. The outstanding shares of capital stock of the Company have been duly authorized and validly issued and are fully paid and non-assessable and have been issued in compliance with all federal and state securities laws. None of the outstanding shares of capital stock of the Company were issued in violation of the preemptive, rights of first refusal or other similar rights of any securityholder of the Company.

(ii) Except as described in clause (i), there are (a) no outstanding shares of capital stock of, or other equity or voting interests in, the Company, (b) no outstanding securities of the Company convertible into or exchangeable for shares of capital stock of, or other equity or voting interests in, the Company, (c) no outstanding options, warrants, preemptive rights, rights of first refusal or other rights or other commitments or agreements to acquire from the Company, or that obligate the Company to issue, any capital stock of, or other equity or voting interests (or voting debt) in, or any securities convertible into or exchangeable for shares of capital stock of, or other equity or voting interests in, the Company, (d) no obligations of the Company to grant, extend or enter into any subscription, warrant, right, convertible or exchangeable security or other similar agreement or commitment relating to any capital stock of, or other equity or voting interests in, the Company (the items in clauses (a), (b), (c) and (d) being referred to collectively as "Company Securities") and (e) no other obligations by the Company or any of its subsidiaries to make any payments based on the price or value of any Company Securities. Except as described in the SEC Filings, none of the Company or any subsidiary of the Company is a party to any stockholders' agreement, voting trust agreement, registration rights agreement or other similar agreement or understanding relating to any Company Securities or any other agreement relating to the disposition, voting or dividends with respect to any Company Securities.

(iii) The descriptions of the Company's stock option, stock bonus and other stock plans or arrangements, and the options or other rights granted thereunder, set forth in the SEC Filings accurately and fairly presents the information required to be shown with respect to such plans, arrangements, options and rights.

4.4. Valid Issuance. The Purchased Shares being purchased hereunder have been duly and validly authorized and, when issued, delivered and paid for in the manner set forth in this Agreement will be validly issued, fully paid and

nonassessable and will be free and clear of all encumbrances and restrictions (other than those created by the Investors), except for restrictions imposed by applicable securities laws. The issuance and sale of the Purchased Shares is not subject to any preemptive rights, rights of first refusal or other similar rights to subscribe for or purchase the Purchased Shares. The Common Stock conforms, in all material respects, to all statements relating thereto contained in the SEC Filings and such description conforms in all material respects to the rights set forth in the instruments defining the same. Assuming the accuracy of the representations and warranties of each Investor in Section 5 hereof, the Purchased Shares will be issued in compliance with applicable federal and state securities laws.

4.5. Consents. Subject to the accuracy of the representations and warranties of each Investor set forth in Section 5 hereof, the execution, delivery and performance by the Company of the Transaction Documents and the offer, issuance and sale of the Purchased Shares require no consent, approval, authorization or other order of, action by or in respect of, or registration or filing with, any Person, governmental body, agency, or official other than filings that have been made pursuant to applicable state securities laws and post-sale filings pursuant to applicable state and federal securities laws and the rules and regulations of Nasdaq which the Company undertakes to file within the applicable time periods.

4.6. Delivery of SEC Filings; Business. The Company has made available to the Investors through the EDGAR system, true and complete copies of the SEC Filings. The Company has filed, on a timely basis all required reports, schedules, forms, statements and other documents required to be filed by the Company with the SEC pursuant to the 1933 Act and the 1934 Act, as applicable. The Company is engaged in all material respects only in the business described in the SEC Filings and the SEC Filings contain a complete and accurate description in all material respects of the business of the Company.

4.7. Use of Proceeds. The net proceeds of the sale of the Purchased Shares hereunder shall be used by the Company for research and development, general corporate expenses and working capital needs.

4.8. No Material Adverse Effect. Since June 30, 2022, there has not been:

(i) any change in the condition, financial or otherwise, or in the earnings, business, properties, operations, operating results, assets, liabilities or prospects of the Company or its subsidiaries from that reflected in the financial statements included in the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2022, except for changes in the ordinary course of business which have not had and would not reasonably be expected to have a Material Adverse Effect, individually or in the aggregate;

(ii) any declaration or payment by the Company of any dividend, or any authorization or payment by the Company of any distribution, on any of the capital stock of the Company, or any redemption or repurchase by the Company of any securities of the Company;

(iii) any incurrence of any material liability or obligation, indirect, direct or contingent, including without limitation any losses or any material damage, destruction or loss in relation to or interference with the Company's or its subsidiaries' assets, properties or business from fire, explosion, flood, earthquakes, accident or other calamity, whether or not covered by insurance, or from any court or governmental action, order or decree; or

(iv) any waiver, not in the ordinary course of business, by the Company of a material right or of a material debt owed to it;

(v) any satisfaction or discharge of any lien, claim or encumbrance or payment of any obligation by the Company, except in the ordinary course of business and which is not material to the assets, properties, financial condition, operating results or business of the Company (as such business is presently conducted);

(vi) any change or amendment to the Company's Certificate of Incorporation or Bylaws, or material change to any material contract or arrangement by which the Company is bound or to which any of its assets or properties is subject;

(vii) any strike, labor dispute or other material labor difficulties or, to the Company's Knowledge, labor union organizing activities with respect to employees of the Company;

(viii) any material transaction entered into by the Company other than in the ordinary course of business;

(ix) the loss of the services of any key employee, or material change in the composition or duties of the senior management of the Company;

(x) any change in the capital stock of the Company;

(xi) any change in any short-term or long-term indebtedness of the Company;

(xii) any other event or condition of any character that has had or would reasonably be expected to have a Material Adverse Effect.

4.9. SEC Filings. At the time of filing thereof, the SEC Filings complied as to form in all material respects with the requirements of the 1933 Act, 1934 Act, or the Sarbanes-Oxley Act of 2002 (and the regulations promulgated thereunder), as applicable, and did not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary in order to make the statements made therein, in the light of the circumstances under which they were made, not misleading.

4.10. No Conflict, Breach, Violation or Default. Neither the Company nor any of its subsidiaries is in violation of its charter or by-laws, partnership agreement or operating agreement or similar organizational documents, as applicable, or is in default (or, with the giving of notice or lapse of time, would be in default) ("Default") under any indenture, loan, credit agreement, note, lease, license agreement, contract, franchise or other instrument (including, without limitation, any pledge agreement, security agreement, mortgage or other instrument or agreement evidencing, guaranteeing, securing or relating to indebtedness) to which the Company or any of its subsidiaries is a party or by which it or any of them may be bound, or to which any of their respective properties or assets are subject (each, an "Existing Instrument"), except for such Defaults as could not be expected, individually or in the aggregate, to result in a Material Adverse Effect. The execution, delivery and performance of the Transaction Documents by the Company and the issuance and sale of the Purchased Shares in accordance with the provisions hereof and thereof will not, (i) conflict with or result in a breach or violation of (a) any of the terms and provisions of, or constitute a default under, the charter or by-laws, partnership agreement or operating agreement or similar organizational documents, as applicable, of the Company or any subsidiary, or (b) assuming the accuracy of the representations and warranties in Section 5, any applicable statute, rule, regulation, administrative regulation, decree or order of any governmental agency or body or any court, domestic or foreign, having jurisdiction over the Company, or any of its assets or properties, or (ii) conflict with or constitute a breach of, or Default or a Debt Repayment Triggering Event (as defined below) under, or result in the creation or imposition of any lien, charge or encumbrance upon any property or assets of the Company or any of its subsidiaries pursuant to, or require the consent of any other party to, any Existing Instrument, except as would not, with respect to clause (ii), reasonably be expected, individually or in the aggregate, to have a Material Adverse Effect. This Section does not relate to matters with respect to tax status, which are the subject of Section 4.11, employee relations and labor matters, which are the subject of Section 4.14, and environmental laws, which are the subject of Section 4.16. As used herein, a "Debt Repayment Triggering Event" means any event or condition which gives, or with the giving of notice or lapse of time would give, the holder of any note, debenture or other evidence of indebtedness (or any person acting on such holder's behalf) the right to require the repurchase, redemption or repayment of all or a portion of such indebtedness by the Company or any of its subsidiaries.

4.11. Tax Matters. The Company and its subsidiaries have filed all necessary federal, state and foreign income and franchise tax returns or have properly requested extensions thereof and have paid all taxes required to be paid by any of them and, if due and payable, any related or similar assessment, fine or penalty levied against any of them except as may be being contested in good faith and by appropriate proceedings. The Company has made charges, accruals and reserves on the books of the Company in respect of all federal, state and foreign income and franchise taxes for all periods as to which the tax liability of the Company or any of its subsidiaries has not been finally determined that are adequate to meet any assessments or re-assessments for additional income tax for any years not finally determined.

4.12. Title to Properties. The Company and its subsidiaries have good and marketable title in fee simple to, or have valid rights to lease or otherwise use, all items of real and personal property and other assets that are material to the respective businesses of the Company and its subsidiaries, in each case free and clear of all liens, encumbrances, claims and defects and imperfections of title except those that (i) do not materially interfere with the use made and proposed to be made of such property by the Company and its subsidiaries or (ii) would not reasonably be expected, individually or in the aggregate, to have a Material Adverse Effect. The real property, improvements, equipment and personal property held under lease by the Company or of its subsidiaries are held under valid and enforceable leases, with such exceptions as are not material and do not materially interfere with the use made or proposed to be made of such real property, improvements, equipment or personal property by the Company or such subsidiary.

4.13. Licenses and Permits. The Company and its subsidiaries possess all licenses, sub-licenses, certificates, permits and other authorizations issued by, and have made all declarations and filings with, the appropriate and applicable federal, state, local or foreign governmental or regulatory authorities that are necessary for the ownership or lease of their respective properties or the conduct of their respective businesses as described in the SEC Filings (collectively, the "Licenses"), except where the failure to possess or make the same would not reasonably be expected to, individually or in the aggregate, have a Material Adverse Effect; and neither the Company nor any of its subsidiaries has received notice of any revocation or modification of any such License or has any reason to believe that any such License will not be renewed in the ordinary course. Neither the Company nor any of its subsidiaries is in violation of, or in default under, any of the Licenses, or has received any notice of proceedings relating to the revocation or modification of, or non-compliance with, any License, which individually or in the aggregate, if the subject of an unfavorable decision, ruling or finding, would result in a Material Adverse Effect. All of the Licenses are valid and in full force and effect, except where the invalidity of such License or the failure of such License to be in full force and effect would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect. To the Company's Knowledge, the Company and its subsidiaries have filed, obtained, maintained or submitted all material reports, documents, forms, notices, applications, records, claims, submissions and supplements or amendments as required and that all such reports, documents, forms, notices, applications, records, claims, submissions and supplements or amendments were materially complete and correct on the date filed (or were corrected or supplemented by a subsequent submission) as required for maintenance of their Licenses that are necessary for the conduct of their respective businesses.

4.14. Labor Matters. No material labor dispute with the employees of the Company or any of its subsidiaries, or with the employees of any principal supplier, manufacturer, customer or contractor of the Company, exists, or to the Company's Knowledge, is threatened or imminent.

4.15. Intellectual Property. The Company and its subsidiaries own, have valid and enforceable license to, or otherwise have the right to use, all patents, patent applications, trademarks, service marks, trade names, trademark registrations, service mark registrations, trade dress, designs, data, database rights, inventions, Internet domain names, copyrights, works of authorship, licenses, proprietary information and know-how (including trade secrets and other unpatented and/or unpatentable proprietary or confidential information, systems or procedures), and all other intellectual property and proprietary rights, including registrations and applications for registration thereof (collectively, "Intellectual Property") necessary for the conduct of their respective businesses as currently conducted and as proposed to be conducted, or which are described in the SEC Filings as being owned by or licensed to the Company or its subsidiaries. Except as described in the SEC Filings, the Company and its subsidiaries' conduct of their respective businesses does not and will not infringe, misappropriate or otherwise conflict in any material respect with any Intellectual Property of any third party. The Intellectual Property of the Company has not been adjudged by a court of competent jurisdiction to be invalid or unenforceable, in whole or in part, and the Company is unaware of any facts which would form a reasonable basis for any such adjudication. The Company and its subsidiaries have not received any notice of any claim of infringement, misappropriation or conflict with any Intellectual Property rights of another, and the Company is unaware of any facts which would form a reasonable basis for any such notice or claim. To the Company's Knowledge, (i) there are no third parties who have rights to any Intellectual Property, except for customary reversionary rights of third-party licensors with respect to Intellectual Property that is disclosed in the SEC Filings as owned by or licensed to the Company or its subsidiaries; and (ii) there is no infringement by third parties of Intellectual Property. Except as disclosed in the SEC Filings, there is no pending or, to the Company's Knowledge, threatened action, suit, proceeding or claim by others: (A) challenging the Company's rights in or to any Intellectual Property, and the Company is unaware of any facts which would form a reasonable basis for any such action, suit, proceeding or claim; (B) challenging the validity,

enforceability or scope of any Intellectual Property, and the Company is unaware of any facts which would form a reasonable basis for any such action, suit, proceeding or claim; or (C) asserting that the Company or any of its subsidiaries infringe, misappropriate, or otherwise violate, or would, upon the commercialization of any product or service described in the SEC Filings as under development, infringe, misappropriate, or otherwise violate, any intellectual property rights of others, and the Company is unaware of any facts which would form a reasonable basis for any such action, suit, proceeding or claim. The Company and its subsidiaries have complied with the terms of each agreement pursuant to which Intellectual Property has been licensed to the Company or its subsidiaries, and all such agreements are in full force and effect. To the Company's Knowledge, there are no material defects in any of the patents or patent applications included in the Intellectual Property. The Company and its subsidiaries have taken all reasonable steps to protect, maintain and safeguard their Intellectual Property, including the execution of appropriate nondisclosure, confidentiality agreements and invention assignment agreements and invention assignments with their employees and no employee of the Company is in or has been in violation of any term of any employment contract, patent disclosure agreement, invention assignment agreement, non-competition agreement, non-solicitation agreement, nondisclosure agreement, or any restrictive covenant to or with a former employer where the basis of such violation relates to such employee's employment with the Company. The duty of candor and good faith as required by the United States Patent and Trademark Office during the prosecution of the United States patents and patent applications within the Intellectual Property have been complied with; and in all foreign offices having similar requirements, all such requirements have been complied with. None of the Company owned Intellectual Property or technology (including information technology and outsourced arrangements) employed by the Company or its subsidiaries has been obtained or is being used by the Company or its subsidiary in violation of any contractual obligation binding on the Company or its subsidiaries or any of their respective officers, directors or employees or otherwise in violation of the rights of any persons. The product candidates described in the Company's SEC Filings as currently under development by the Company or any subsidiary fall within the scope of the claims of one or more patents owned by, or licensed to, the Company or a subsidiary.

4.16. Environmental Matters.

(a)(i) The Company and its subsidiaries (x) are in compliance with all, and have not violated any, applicable federal, state, local and foreign laws (including common law), rules, regulations, requirements, decisions, judgments, decrees, orders and other legally enforceable requirements relating to pollution or the protection of human health or safety, the environment (including, without limitation, ambient air, surface water, groundwater, land surface or subsurface strata), wildlife, natural resources, the release or threatened release of hazardous or toxic substances or wastes, pollutants, contaminants, chemicals, asbestos-containing materials, petroleum, petroleum products or mold (collectively, the "Hazardous Materials") or the manufacture, processing, distribution, use, treatment, storage, disposal, transport or handling of Hazardous Materials (collectively, "Environmental Laws"); (y) have received and are in compliance with all, and have not violated any, permits, licenses, certificates or other authorizations or approvals required of them under any Environmental Laws to conduct their respective businesses; and (z) have not received notice of any actual or potential liability or obligation under or relating to, or any actual or potential violation of, any Environmental Laws, including for the investigation or remediation of any disposal or release of Hazardous Materials, and have no knowledge of any event or condition that would reasonably be expected to result in any such notice; and (ii) (x) there are no pending or threatened administrative, regulatory or judicial actions, suits, demands, demand letters, claims, liens, notices of noncompliance or violation, investigation or proceedings relating to any Environmental Law against the Company or any of its subsidiaries, (y) there are no events or circumstances that might reasonably be expected to form the basis of an order for clean-up or remediation, or an action, suit or proceeding by any private party or governmental body or agency, against or affecting the Company or any of its subsidiaries relating to Hazardous Materials or any Environmental Laws, and (z) none of the Company or its subsidiaries anticipates material capital expenditures relating to any Environmental Laws, except in the case of each of (i) - (ii) above, for any such matter as would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

(b) In the ordinary course of its business, the Company conducts a periodic review of the effect of Environmental Laws on the business, operations and properties of the Company and its subsidiaries, in the course of which it identifies and evaluates associated costs and liabilities (including, without limitation, any capital or operating expenditures required for clean-up, closure of properties or compliance with Environmental Laws or any permit, license or approval, any related constraints on operating activities and any potential liabilities to third parties). No facts or circumstances have come to the Company's attention that could result in costs or liabilities that could be

expected, individually or in the aggregate, to result in a Material Adverse Effect.

4.17. Legal Proceedings. There is no action, suit, proceeding, inquiry or investigation before or brought by any Governmental Entity now pending or, to the Company's Knowledge, threatened, against or affecting the Company or any of its subsidiaries, which would reasonably be expected, individually or in the aggregate, to result in a Material Adverse Effect, or which would reasonably be expected to materially and adversely affect their respective properties or assets or the consummation of the transactions contemplated in the Transaction Documents or the timely performance by the Company of its obligations thereunder; and the aggregate of all pending legal or governmental proceedings to which the Company or any such subsidiary is a party or of which any of their respective properties or assets is the subject which are not described in the SEC Filings, including ordinary routine litigation incidental to the business, would not reasonably be expected to result in a Material Adverse Effect.

4.18. Financial Statements. The financial statements included in each SEC Filing, together with the related schedules and notes, present fairly the financial position of the Company and its consolidated subsidiaries at the dates indicated and the statement of operations, stockholders' equity and cash flows of the Company and its consolidated subsidiaries for the periods specified; said financial statements have been prepared in conformity with U.S. generally accepted accounting principles ("GAAP") applied on a consistent basis throughout the periods involved (except as expressly disclosed therein or in the notes thereto). The Company has not incurred any liabilities, contingent or otherwise, except those incurred in the ordinary course of business, consistent (as to amount and nature) with past practices since the date of such financial statements, none of which, individually or in the aggregate, have had or would reasonably be expected to have a Material Adverse Effect. To the Company's Knowledge, no person who has been suspended or barred from being associated with a registered public accounting firm, or who has failed to comply with any sanction pursuant to Rule 5300 promulgated by the PCAOB, has participated in or otherwise aided the preparation of, or audited, the financial statements, supporting schedules or other financial data filed in the SEC Filings.

4.19. Insurance Coverage. The Company and its subsidiaries have insurance from recognized, financially sound and reputable institutions covering their respective properties, operations, personnel and businesses, including business interruption insurance, which insurance is in amounts and insures against such losses and risks as are generally maintained by similarly situated companies and are generally deemed adequate and customary to protect the Company and its subsidiaries and their respective businesses against theft, damage, destruction, acts of vandalism and earthquakes and policies covering the Company and its subsidiaries for product liability claims and clinical trial liability claims; and neither the Company nor any of its subsidiaries has (i) received notice from any insurer or agent of such insurer that capital improvements or other expenditures are required or necessary to be made in order to continue such insurance or (ii) knowledge of any events that have occurred, or circumstances that exist, with respect to the Company that would cause it to be unable to renew its existing insurance coverage as and when such coverage expires or to obtain similar coverage at reasonable cost from similar insurers as may be necessary to continue its business.

4.20. Compliance with Nasdaq Continued Listing Requirements. The Company is in compliance with applicable Nasdaq continued listing requirements. There are no proceedings pending or, to the Company's Knowledge, threatened against the Company relating to the continued listing of the Common Stock on Nasdaq and the Company has not received any notice of, nor to the Company's Knowledge is there any reasonable basis for, the delisting of the Common Stock from Nasdaq.

4.21. Brokers and Finders. Other than as provided for under the Letter Agreement, dated as of October 25, 2022, among the Company and the Placement Agents, no Person will have, as a result of the transactions contemplated by the Transaction Documents, any valid right, interest or claim against or upon the Company or an Investor for any commission, fee or other compensation pursuant to any agreement, arrangement or understanding entered into by or on behalf of the Company. No Investor shall have any obligation with respect to any fees, or with respect to any claims made by or on behalf of other Persons for fees, in each case of the type contemplated by this Section 4.21 that may be due in connection with the transactions contemplated by this Agreement or the Transaction Documents.

4.22. No Directed Selling Efforts or General Solicitation. Neither the Company nor any Person acting on its behalf has conducted any general solicitation or general advertising (as those terms are used in Regulation D) in connection with the offer or sale of any of the Purchased Shares.

4.23. No Integrated Offering. Neither the Company nor any Person acting on its behalf has, directly or indirectly, made any offers or sales of any Company security or solicited any offers to buy any Company security, under circumstances that would adversely affect reliance by the Company on Section 4(a)(2) for the exemption from registration for the transactions contemplated hereby or would require registration of the Purchased Shares under the 1933 Act.

4.24. Private Placement. Assuming the accuracy of the representations and warranties of the Investors set forth in Section 5, the offer and sale of the Purchased Shares to the Investors as contemplated hereby are exempt from the registration requirements of the 1933 Act.

4.25. Questionable Payments**.** Neither the Company nor any of its subsidiaries nor any director, officer, or employee of the Company or any of its subsidiaries, nor to the Company's Knowledge, any agent, affiliate or other Person acting on behalf of the Company or any of its subsidiaries has, in the course of its actions for, or on behalf of, the Company or any of its subsidiaries: (a) used any corporate funds for unlawful contributions, gifts, entertainment or other unlawful expenses relating to political activity; (b) made or taken any act in furtherance of an offer, promise, or authorization of any direct or indirect unlawful payments to any foreign or domestic governmental officials or employees, including any government-owned or controlled entity or public international organization, or any political party, party official, or candidate for political office; (c) established or maintained any unlawful or unrecorded fund of corporate monies or other assets which is in violation of law; (d) made any false or fictitious entries on the books and records of the Company; (e) made offered, authorized, requested, or taken an act in furtherance of any unlawful bribe, rebate, payoff, influence payment, kickback or other unlawful payment or benefit of any nature; or (f) violated or is in violation of any provision of the U.S. Foreign Corrupt Practices Act of 1977, as amended (the "FCPA"), the UK Bribery Act 2010, or any other applicable anti-bribery or anti-corruption law. The Company and its subsidiaries and, to the knowledge of the Company, the Company's affiliates have conducted their respective businesses in compliance with the FCPA and have instituted and maintain policies and procedures designed to ensure, and which are reasonably expected to continue to ensure, continued compliance therewith.

4.26. Transactions with Affiliates. None of the executive officers or directors of the Company and, to the Company's Knowledge, none of the employees of the Company is presently a party to any transaction with the Company (other than as holders of stock options, and for services as employees, officers and directors), including any contract, agreement or other arrangement providing for the furnishing of services to or by, providing for rental of real or personal property to or from, or otherwise requiring payments to or from any officer, director or such employee or, to the Company's Knowledge, any entity in which any officer, director, or any such employee has a substantial interest or is an officer, director, trustee or partner.

4.27. Internal Controls. The Company and each of its subsidiaries make and keep accurate books and records and maintain a system of internal control over financial reporting (as defined under Rule 13a-15(f) of the 1934 Act) that (A) complies with the requirements of the 1934 Act; (B) has been designed by the Company's principal executive officer and principal financial officer, or under their supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with GAAP; and (C) is sufficient to provide reasonable assurance that (i) transactions are executed in accordance with management's general or specific authorizations; (ii) transactions are recorded as necessary to permit preparation of financial statements in conformity with GAAP and to maintain asset accountability; (iii) access to assets is permitted only in accordance with management's general or specific authorization; (iv) the recorded accountability for assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences; and (v) the interactive data in eXtensible Business Reporting Language included or incorporated by reference in the SEC Filings fairly presents the information called for in all material respects and is prepared in accordance with the SEC's rules and guidelines applicable thereto. The Company and its subsidiaries' internal controls over financial reporting are effective. Since the end of the Company's most recent audited fiscal year, there have been no significant deficiencies or material weaknesses in the Company's internal control over financial reporting (whether or not remediated) and no change in the Company's internal control over financial reporting that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting. The Company is not aware of any change in its internal control over financial reporting that has occurred during its most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

4.28. Disclosure Controls. The Company maintains an effective system of "disclosure controls and procedures" (as defined in Rule 13a-15(e) of the 1934 Act) that (i) complies with the requirements of the 1934 Act, (ii) has been designed to ensure that material information relating to the Company, including its consolidated subsidiaries, is made known to the Company's principal executive officer and its principal financial officer by others within those entities, particularly during the periods in which the periodic reports required under the 1934 Act are being prepared,
(iii) has been evaluated by management of the Company for effectiveness as of the end of the Company's most recent fiscal quarter and (iv) is effective in all material respects to perform the function for which it was established.

4.29. Investment Company. The Company is not required to be registered as, and is not an Affiliate of, and immediately following the Closing, either after receipt of payment for the Purchased Shares or after the application of the proceeds therefrom, will not be required to register as, an "investment company" within the meaning of the Investment Company Act of 1940, as amended.

4.30. Tests and Preclinical and Clinical Trials. All research, studies, preclinical and clinical trials conducted or sponsored by or on behalf of the Company or being relied on by the Company have been and, if still pending, are being conducted, in all material respects, in accordance with professional and scientific standards and the experimental protocols, procedures, and controls required pursuant to all regulatory permits and all applicable laws and requirements of the FDA or other federal, state, local or foreign agencies, any health care facility Institutional Review Board or other bodies engaged in the regulation of pharmaceuticals and biological products such as those being developed by the Company (collectively, "Product Governmental Authorities"), including but not limited to 21 C.F.R. Parts 50, 54, 56, 58 and 312, and the results of such research, studies and clinical trials described in the SEC Filings, are accurate and complete (when viewed together with the Company Data) in all material respects and fairly present, the data derived from such research, studies, and clinical trials, acknowledging that the data from ongoing or pending research, studies, and clinical trials is preliminary in nature and may be subject to change; the Company and its subsidiaries have made all such filings and obtained all such approvals and authorizations as may be required by the FDA or any committee thereof or from any other U.S. or foreign government or drug or medical device regulatory agency, or health care facility Institutional Review Board and the Company has not received any notice or correspondence from the FDA, nor any other Product Governmental Authority, or any institutional review board, initiating, threatening, or requiring the termination, suspension, clinical hold or material modification of any such research, study or pre-clinical or clinical trial; and except to the extent disclosed in the SEC Filings, the Company is not aware of any research, study or clinical trial, the results of which are inconsistent with or otherwise call into question the results described or referred to in the SEC Filings when viewed in the context in which such results are described and the clinical stage of development. The Company and its subsidiaries have each operated and currently are in compliance in all material respects with all applicable rules and regulations of the Product Governmental Authorities.

4.31. Manipulation of Price. The Company has not, and, to the Company's Knowledge, no Person acting on its behalf has taken, directly or indirectly, any action designed to cause or to result in the stabilization or manipulation of the price of any security of the Company to facilitate the sale or resale of any of the Purchased Shares.

4.32. Bad Actor Disqualification. None of the Company, any predecessor or affiliated issuer of the Company nor, to the Company's Knowledge, any director or executive officer of the Company or any promoter connected with the Company in any capacity, is subject to any of the "bad actor" disqualifications within the meaning of Rule 506(d) under the 1933 Act, except for a disqualification event covered by Rule 506(d)(2) or (d)(3).

4.33. Absence of Violations, Defaults and Conflicts. Neither the Company nor any of its subsidiaries is (i) in violation of its charter, by-laws or similar organizational document, (ii) in default in the performance or observance of any obligation, agreement, covenant or condition contained in any Material Contract, except for such defaults that would not, singly or in the aggregate, result in a Material Adverse Effect, or (iii) in violation of any law, statute, rule, regulation, judgment, order, writ or decree of any Governmental Entity, except for such violations that would not, singly or in the aggregate, result in a Material Adverse Effect.

4.34. Health Care Laws. The Company and each of its subsidiaries is, and during the last six (6) years, has been, in compliance with all applicable health care laws, rules and regulations (except where such failure to operate or non- compliance would not, singly or in the aggregate, result in a Material Adverse Effect), including, without limitation, (i) the Federal Food, Drug, and Cosmetic Act (21 U.S.C. §§ 301 et seq.) and the Public Health Service Act (42

U.S.C. § 201 et seq.); (ii) all applicable federal, state, foreign and local health care related fraud and abuse laws, including, without limitation, the federal Anti-kickback Statute (42 U.S.C. § 1320a-7b(b)), the U.S. Physician Payments Sunshine Act (42 U.S.C. § 1320a-7h), the civil False Claims Act (31 U.S.C. §§ 3729 et seq.), the Stark Law (42 U.S.C. § 1395nn), the criminal False Claims Law (42 U.S.C. § 1320a-7b(a)), all criminal laws relating to health care fraud and abuse, including but not limited to 18 U.S.C. Sections 286 and 287, the applicable laws governing government funded or sponsored healthcare programs, the healthcare fraud criminal provisions under the U.S. Health Insurance Portability and Accountability Act of 1996 ("HIPAA") (42 U.S.C. Section 1320d et seq.), the exclusion laws (42 U.S.C. § 1320a-7), and the federal civil monetary penalties law (42 U.S.C. § 1320a-7a); (iii) privacy and security laws governing protected health information under HIPAA, as amended by the Health Information Technology for Economic and Clinical Health Act (42 U.S.C. §§ 17921 et seq.); (iv) the Patient Protection and Affordable Care Act of 2010, as amended by the Health Care and Education Reconciliation Act of 2010; (v) licensure, quality, safety and accreditation requirements under applicable federal, state, local or foreign laws or regulatory bodies relating to the regulation of the Company or its subsidiaries; (vi) the directives and regulations promulgated pursuant to such laws; and (vii) any other similar local, state, federal, national, supranational or foreign laws (collectively, the "Health Care Laws"). Neither the Company nor its subsidiaries have received any written notice of any action, suit, investigation, claim, hearing, enforcement, arbitration or other proceeding against it alleging any failure to comply with any Health Care Laws or other applicable laws nor have any of the Company or any subsidiary been disciplined or sanctioned, or had any discipline or sanction proposed, by any Product Governmental Authority. Neither the Company, nor to the Company's Knowledge, any of their respective officers, directors, employees or agents has engaged in activities which are, as applicable, cause for false claims liability, civil penalties, or mandatory or permissive exclusion from Medicare, Medicaid, or any other state or federal healthcare program. Additionally, neither the Company, any of its subsidiaries nor, to the Company's Knowledge, any of their respective employees, officers or directors or agents, has been excluded, suspended or debarred by the FDA or from participation in any U.S. state or federal health care program or human clinical research or, to the Company's Knowledge, is subject to a governmental inquiry, investigation, proceeding, or other similar action that could reasonably be expected to result in such debarment, suspension, or exclusion. To the Company's Knowledge after due inquiry, the Company has not contracted with any individual or entity that is debarred, disqualified or excluded by the FDA or suspended, excluded or debarred from participation in, or otherwise ineligible to participate in, Medicare, Medicaid, or any other state or federal health care program. The Company has not received written notice or other correspondence of any claim, action, suit, audit, survey, proceeding, hearing, enforcement, investigation, arbitration or other action from any court or arbitrator or governmental or regulatory authority or third party alleging that any of its investigational products, business operations or other activities is in violation of any Health Care Law, and, to the Company's Knowledge, no such claim, action, suit, proceeding, hearing, enforcement, investigation, arbitration or other action is threatened. Neither the Company nor its subsidiaries, is a party to, nor does it have any ongoing reporting obligations pursuant to any corporate integrity agreement, deferred prosecution agreement, monitoring agreement, consent decree, settlement order, plan of correction or similar agreement imposed by any Product Governmental Authority. The Company and its subsidiaries have filed, maintained or submitted all material reports, documents, forms, notices, applications, records, claims, submissions and supplements or amendments as required by any Health Care Laws, and all such reports, documents, forms, notices, applications, records, claims, submissions and supplements or amendments were complete and accurate on the date filed in all material respects (or were corrected or supplemented by a subsequent submission).

4.35. Money Laundering Laws. The operations of the Company and its subsidiaries are and have been conducted at all times in compliance with applicable financial recordkeeping and reporting requirements of the Currency and Foreign Transactions Reporting Act of 1970, as amended, the money laundering statutes of all jurisdictions, the rules and regulations thereunder and any related or similar rules, regulations or guidelines, issued, administered or enforced by any Governmental Entity (collectively, the "Money Laundering Laws"); and no action, suit or proceeding by or before any Governmental Entity involving the Company or any of its subsidiaries with respect to the Money Laundering Laws is pending or, to the Company's Knowledge, threatened.

4.36. OFAC. None of the Company, any of its subsidiaries, directors, officers or employees, nor to the Company's Knowledge, any agent, affiliate, representative or other Person acting on behalf of the Company or any of its subsidiaries is a Person currently the subject or target of any sanctions administered or enforced by the United States Government, including, without limitation, the U.S. Department of the Treasury's Office of Foreign Assets Control ("OFAC"), or the U.S. Department of State, the United Nations Security Council, the European Union, Her

Majesty's Treasury of the United Kingdom, or other relevant sanctions authority (collectively, "Sanctions"), nor is the Company or any of its subsidiaries located, organized or resident in a country or territory that is the subject or target of Sanctions, including, without limitation, Crimea, the so-called Donetsk People's Republic and so-called Luhansk People's Republic or any other Covered Region of Ukraine as may be identified by the Secretary of the Treasury, in consultation with the Secretary of State, pursuant to Executive Order 14065, Cuba, Iran, North Korea and Syria; and the Company will not directly or indirectly use the proceeds of the sale of the Purchased Shares, or lend, contribute or otherwise make available such proceeds to any subsidiaries, joint venture partners or other Person, to fund or facilitate any activities of or business with any Person, or in any country or territory, that, at the time of such funding or facilitating, is the subject or target of Sanctions or in any other manner that will result in a violation by any Person (including any Person participating in the transaction, whether as underwriter, advisor, investor or otherwise) of Sanctions. Neither the Company nor any of its subsidiaries is engaged in, will engage in, or has, at any time in the past five years, engaged in, any dealings or transactions with or involving any individual or entity that was or is, as applicable, at the time of such dealing or transaction, the subject or target of any Sanctions or with any country or territory that is the subject of Sanctions, and the Company and its subsidiaries have instituted and maintain policies and procedures of the sort typically maintained by similarly situated companies that are reasonably designed to promote and achieve continued compliance with Sanctions.

4.37. Cybersecurity and Privacy. The Company and its subsidiaries have operated their business in a manner compliant in all material respects with all United States federal, state, local and non-United States privacy, data security and data protection laws and regulations applicable to the Company's collection, use, transfer, protection, disposal, disclosure, handling, storage and analysis of personal data (collectively, together with the Health Care Laws and the GDPR (as defined below), the "Privacy Laws"). The Company and its subsidiaries have taken commercially reasonable actions to prepare to comply with, and since May 25, 2018, have been and currently are in compliance with, the European Union General Data Protection Regulation ("GDPR") (EU 2016/679). The Company and its subsidiaries have been and are in compliance in all material respects with internal policies and procedures designed to ensure the integrity and security of the data collected, handled or stored in connection with its business; the Company and its subsidiaries have been and are in compliance in all material respects with internal policies and procedures designed to ensure compliance with the Privacy Laws that govern privacy and data security and take, and have taken reasonably appropriate steps designed to assure compliance with such policies and procedures (the "Policies"). The Company and its subsidiaries have at all times made all disclosures to users or customers required by applicable laws and regulatory rules or requirements, and none of such disclosures made or contained in any Policy have, to the knowledge of the Company, been inaccurate or in violation of any applicable laws and regulatory rules or requirements in any material respect. The Company further certifies that neither it nor any subsidiary: (i) has received notice of any actual or potential liability under or relating to, or actual or potential violation of, any of the Privacy Laws, and has no knowledge of any event or condition that would reasonably be expected to result in any such notice; (ii) is currently conducting or paying for, in whole or in part, any investigation, remediation, or other corrective action pursuant to any Privacy Law; or (iii) is a party to any order, decree, or agreement that imposes any obligation or liability under any Privacy Law. The Company and its subsidiaries have taken commercially reasonable steps to maintain the confidentiality of its personally identifiable information, protected health information, consumer information, Personal Data and other confidential information of the Company, its Subsidiaries and any third parties in its possession ("Sensitive Company Data"). The tangible or digital information technology systems and assets (including computers, screens, servers, workstations, routers, hubs, switches, networks, data communications lines, technical data and hardware), software, websites, applications, databases, applications and telecommunications systems used or held for use by the Company and its Subsidiaries (the "Company IT Assets") are adequate and operational for, in accordance with their documentation and functional specifications, the business of the Company and its Subsidiaries as now operated and as currently proposed to be conducted as described in the SEC filings, free and clear of all material bugs, errors, defects, Trojan horses, time bombs, malware and other corruptants. The Company and its subsidiaries have used reasonable efforts to establish, and have established, commercially reasonable disaster recovery and security plans, procedures and facilities for the business consistent with industry standards and practices in all material respects, including, without limitation, for the Company IT Assets and data held or used by or for the Company and its subsidiaries. The Company and its Subsidiaries have not suffered or incurred any security breaches, compromises or incidents with respect to any Company IT Asset or Sensitive Company Data, except where such breaches, compromises or incidents would not reasonably be expected to, singly or in the aggregate, result in a Material Adverse Effect; and, to the Company's Knowledge, there has been no unauthorized or illegal use of or access to any Company IT Asset or Sensitive Company Data by any unauthorized third party. The Company and its subsidiaries have not been required to notify

any individual of any information security breach, compromise or incident involving Sensitive Company Data. "Personal Data" means (i) a natural person's name, street address, telephone number, e-mail address, photograph, social security number or tax identification number, driver's license number, passport number, credit card number, bank information, or customer or account number; (ii) any information which would qualify as "personally identifying information" under the Federal Trade Commission Act, as amended; (iii) "personal data" as defined by GDPR; (iv) any information which would qualify as "protected health information" under the Health Insurance Portability and Accountability Act of 1996, as amended by HIPAA; and (v) any other piece of information that allows the identification of such natural person, or his or her family, or permits the collection or analysis of any data related to an identified person's health or sexual orientation.

4.38. ERISA Compliance. Except as otherwise disclosed in the Company's SEC Filings, the Company and its subsidiaries and any "employee benefit plan" (as defined under the Employee Retirement Income Security Act of 1974, as amended, and the regulations and published interpretations thereunder (collectively, "ERISA")) established or maintained by the Company, its subsidiaries or their "ERISA Affiliates" (as defined below) are in compliance in all material respects with ERISA. "ERISA Affiliate" means, with respect to the Company or any of its subsidiaries, any member of any group of organizations described in Sections 414(b), (c), (m) or (o) of the Internal Revenue Code of 1986, as amended, and the regulations and published interpretations thereunder (the "Code") of which the Company or such subsidiary is a member. No "reportable event" (as defined under ERISA) has occurred or is reasonably expected to occur with respect to any "employee benefit plan" established or maintained by the Company, its subsidiaries or any of their ERISA Affiliates. No "employee benefit plan" established or maintained by the Company, its subsidiaries or any of their ERISA Affiliates, if such "employee benefit plan" were terminated, would have any "amount of unfunded benefit liabilities" (as defined under ERISA). Neither the Company, its subsidiaries nor any of their ERISA Affiliates has incurred or reasonably expects to incur any liability under (i) Title IV of ERISA with respect to termination of, or withdrawal from, any "employee benefit plan" or (ii) Sections 412, 4971, 4975 or 4980B of the Code. Each "employee benefit plan" established or maintained by the Company, its subsidiaries or any of their ERISA Affiliates that is intended to be qualified under Section 401(a) of the Code is so qualified and nothing has occurred, whether by action or failure to act, which would cause the loss of such qualification.

4.39. Compliance with Laws. The Company and its subsidiaries have been and are in compliance with all applicable laws, rules and regulations, except where failure to be so in compliance could not be expected, individually or in the aggregate, to result in a Material Adverse Effect.

4.40. Dividend Restrictions. No subsidiary of the Company is prohibited or restricted, directly or indirectly, from paying dividends to the Company, or from making any other distribution with respect to such subsidiary's equity securities or from repaying to the Company or any other subsidiary of the Company any amounts that may from time to time become due under any loans or advances to such subsidiary from the Company or from transferring any property or assets to the Company or to any other subsidiary.

5. Representations and Warranties of the Investors. Each of the Investors hereby severally, and not jointly, represents and warrants to the Company that:

5.1. Organization and Existence. Such Investor is a duly incorporated or organized and validly existing corporation, limited partnership or limited liability company and has all requisite corporate, partnership or limited liability company power and authority to enter into and consummate the transactions contemplated by the Transaction Documents and to carry out its obligations hereunder and thereunder, and to invest in the Purchased Shares pursuant to this Agreement, and is in good standing under the laws of the jurisdiction of its incorporation or organization except where the failure to be in good standing would not, individually or in the aggregate, reasonably be expected to have a material adverse effect.

5.2. Authorization. The execution, delivery and performance by such Investor of the Transaction Documents to which such Investor is a party have been duly authorized and each has been duly executed and when delivered will constitute the valid and legally binding obligation of such Investor, enforceable against such Investor in accordance with their respective terms, subject to bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and similar laws of general applicability, relating to or affecting creditors' rights generally.

5.3. Purchase Entirely for Own Account. The Purchased Shares to be received by such Investor hereunder will be acquired for such Investor's own account, not as nominee or agent, for the purpose of investment and not with a view to the resale or distribution of any part thereof in violation of the 1933 Act, and such Investor has no present intention of selling, granting any participation in, or otherwise distributing the same in violation of the 1933 Act without prejudice, however, to such Investor's right at all times to sell or otherwise dispose of all or any part of such Purchased Shares in compliance with applicable federal and state securities laws. Nothing contained herein shall be deemed a representation or warranty by such Investor to hold the Purchased Shares for any period of time.

5.4. Investment Experience. Such Investor acknowledges that it can bear the economic risk and complete loss of its investment in the Purchased Shares and has such knowledge and experience in financial or business matters that it is capable of evaluating the merits and risks of the investment contemplated hereby.

5.5. Disclosure of Information. Such Investor has had an opportunity to receive, review and understand all information related to the Company requested by such Investor and to ask questions of and receive answers from the Company regarding the Company, its business and the terms and conditions of the offering of the Purchased Shares, and has conducted and completed such Investor's own independent due diligence. Such Investor acknowledges that copies of the SEC Filings are available on the EDGAR system. Based on the information such Investor has deemed appropriate, it has independently made its own analysis and decision to enter into the Transaction Documents. Such Investor is relying exclusively on its own sources of information, investment analysis and due diligence (including professional advice it deems appropriate), with respect to the execution, delivery and performance of the Transaction Documents and the business, condition (financial and otherwise), management, operations, properties and prospects of the Company, including but not limited to all business, legal, regulatory, accounting, credit and tax matters. Neither such inquiries nor any other due diligence investigation conducted by such Investor shall modify, limit or otherwise affect such Investor's right to rely on the Company's representations and warranties contained in this Agreement.

5.6. Restricted Securities. Such Investor understands that the Purchased Shares are characterized as "restricted securities" under the U.S. federal securities laws inasmuch as they are being acquired from the Company in a transaction not involving a public offering and that under such laws and applicable regulations such securities may be resold without registration under the 1933 Act only in certain limited circumstances.

5.7. Legends. It is understood that, except as provided below, certificates or book-entry records evidencing the Purchased Shares may bear the following or any similar legend:

"THE SECURITIES REPRESENTED HEREBY HAVE NOT BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION OR THE SECURITIES COMMISSION OF ANY STATE IN RELIANCE UPON AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OF 1933, AS AMENDED, AND, ACCORDINGLY, MAY NOT BE TRANSFERRED UNLESS (I) SUCH SECURITIES HAVE BEEN REGISTERED FOR SALE PURSUANT TO THE SECURITIES ACT OF 1933, AS AMENDED, (II) SUCH SECURITIES MAY BE SOLD PURSUANT TO RULE 144, OR (III) THE COMPANY HAS RECEIVED AN OPINION OF COUNSEL REASONABLY SATISFACTORY TO IT THAT SUCH TRANSFER MAY LAWFULLY BE MADE WITHOUT REGISTRATION UNDER THE SECURITIES ACT OF 1933, AS AMENDED."

If required by the authorities of any state in connection with the issuance or sale of the Purchased Shares, the legend required by such state authority.

5.8. Accredited Investor. Such Investor is an "accredited investor" within the meaning of Rule 501 under the 1933 Act and has executed and delivered to the Company a questionnaire in substantially the form attached hereto as Exhibit C (the "Investor Questionnaire"), which such Investor represents and warrants is true, correct and complete. Such Investor is a sophisticated institutional investor with sufficient business and financial experience to protect its own interests in connection with the transactions contemplated by the Transaction Documents and knowledge in investing in private equity transactions to properly evaluate the risks and merits of its purchase of the Purchased Shares. Such Investor has adequate information concerning the Purchased Shares and has determined based on its own independent review and such professional advice as it deems appropriate, with no reliance on the Company, that its purchase of the Purchased Shares and participation in the transactions contemplated by the Transaction

Documents (i) have been duly authorized and approved by all necessary action and (ii) do not and will not violate or constitute a default under such Investor's charter, bylaws or other constituent document or under any law, rule, regulation, agreement or other obligation by which such Investor is bound, except as would not result in a material adverse effect. Such Investor understands that the Purchased Shares are being offered and sold to it in reliance upon specific exemptions from the registration requirements of the Securities Act and state securities laws, and that the Company is relying upon the truth and accuracy of, and such Investor's compliance with, the representations, warranties, agreements, acknowledgments and understandings of such Investor set forth herein in order to determine the availability of such exemptions and the eligibility of such Investor to acquire the Purchased Shares.

5.9. Ownership of Capital Stock. As of the date hereof, such Investor beneficially owns such shares of capital stock of the Company as set forth in the Investor Questionnaire.

5.10. No General Solicitation. Such Investor did not learn of the investment in the Purchased Shares as a result of any general or public solicitation or general advertising, or publicly disseminated advertisements or sales literature, including (a) any advertisement, article, notice or other communication published in any newspaper, magazine, website, or similar media, or broadcast over television or radio, or (b) any seminar or meeting to which such Investor was invited by any of the foregoing means of communications.

5.11. Brokers and Finders. No Person will have, as a result of the transactions contemplated by the Transaction Documents, any valid right, interest or claim against or upon the Company or an Investor for any commission, fee or other compensation pursuant to any agreement, arrangement or understanding entered into by or on behalf of such Investor.

5.12. Short Sales and Confidentiality Prior to the Date Hereof. Other than consummating the transactions contemplated hereunder, such Investor has not, nor has any Person acting on behalf of or pursuant to any understanding with such Investor, directly or indirectly executed any purchases or sales, including Short Sales, of the securities of the Company during the period commencing as of the time that such Investor was first contacted by the Company or any other Person regarding the transactions contemplated hereby and ending immediately prior to the date hereof. Notwithstanding the foregoing, in the case of an Investor that is a multi-managed investment vehicle whereby separate portfolio managers manage separate portions of such Investor's assets and the portfolio managers have no direct knowledge of the investment decisions made by the portfolio managers managing other portions of such Investor's assets, the representation set forth above shall only apply with respect to the portion of assets managed by the portfolio manager that made the investment decision to purchase the Purchased Shares covered by this Agreement. Notwithstanding the foregoing, for avoidance of doubt, nothing contained herein shall constitute a representation or warranty, or preclude any actions, with respect to the identification of the availability of, or securing of, available shares to borrow in order to effect Short Sales or similar transactions in the future.

5.13. No Government Recommendation or Approval. Such Investor understands that no United States federal or state agency, or similar agency of any other country, has reviewed, approved, passed upon, or made any recommendation or endorsement of the Company or the purchase of the Purchased Shares.

5.14. No Conflicts. The execution, delivery and performance by such Investor of the Transaction Documents and the consummation by such Investor of the transactions contemplated hereby and thereby will not (i) result in a violation of the organizational documents of such Investor or (ii) conflict with, or constitute a default (or an event which with notice or lapse of time or both would become a default) under, or give to others any rights of termination, amendment, acceleration or cancellation of, any agreement, indenture or instrument to which such Investor is a party, or (iii) result in a violation of any law, rule, regulation, order, judgment or decree (including federal and state securities laws) applicable to such Investor, except in the case of clauses (ii) and (iii) above, for such conflicts, defaults, rights or violations which would not, individually or in the aggregate, reasonably be expected to have a material adverse effect on the ability of such Investor to perform its obligations hereunder.

5.15. Residency. Such Investor is a resident of the jurisdiction specified below its address on the Schedule of Investors in Exhibit A hereto.

5.16. No Legal, Tax or Investment Advice. Such Investor understands that nothing in this Agreement or any other materials presented by or on behalf of the Company to such Investor in connection with the purchase of the

Purchased Shares constitutes legal, tax or investment advice. Such Investor has consulted such legal, tax and investment advisors as it, in its sole discretion, has deemed necessary or appropriate in connection with its purchase of the Purchased Shares. Such Investor understands that it (and not the Company) shall be responsible for such Investor's own tax liability that may arise as a result of its acquisition of the Purchased Shares.

6. Conditions to Closing.

6.1. Conditions to the Investors' Obligations. The obligation of each Investor to purchase Purchased Shares at the Closing is subject to the fulfillment to such Investor's satisfaction, on or prior to the Closing Date, of the following conditions, any of which may be waived by such Investor (as to itself only):

(a) The representations and warranties made by the Company in Section 4 hereof shall be true and correct in all material respects (except for those representations and warranties which are qualified as to materiality or by Material Adverse Effect, in which case such representations and warranties shall be true and correct in all respects) as of the date hereof and on the Closing Date, except to the extent any such representation or warranty expressly speaks as of an earlier date, in which case such representation or warranty shall be true and correct as of such earlier date. The Company shall have complied with or performed in all material respects all obligations and covenants herein required to be complied with or performed by it on or prior to the Closing Date.

(b) The Company shall have obtained any and all consents, permits, approvals, registrations and waivers necessary for consummation of the purchase and sale of the Purchased Shares and the consummation of the other transactions contemplated by the Transaction Documents, all of which shall be in full force and effect.

(c) The Company shall have executed and delivered the Registration Rights Agreement.

(d) The Company shall have filed with Nasdaq a Notification Form: Listing of Additional Shares for the listing of the Purchased Shares, a copy of which shall have been provided to the Investors.

(e) No judgment, writ, order, injunction, award or decree of or by any court, or judge, justice or magistrate, including any bankruptcy court or judge, or any order of or by any governmental authority, shall have been issued, and no action or proceeding shall have been instituted by any governmental authority, enjoining or preventing the consummation of the transactions contemplated hereby or in the other Transaction Documents.

(f) The Company shall have delivered a Certificate, executed on behalf of the Company by its Chief Executive Officer or its Chief Operating Officer, dated as of the Closing Date, certifying to the fulfillment of the conditions specified in subsections (a), (b), (d) and (e) of this Section 6.1.

(g) The Company shall have delivered a Certificate, executed on behalf of the Company by its Secretary, dated as of the Closing Date, certifying the resolutions adopted by the Board of Directors of the Company approving the transactions contemplated by this Agreement and the other Transaction Documents and the issuance of the Purchased Shares, certifying the current versions of the Certificate of Incorporation and Bylaws of the Company and certifying as to the signatures and authority of persons signing the Transaction Documents and related documents on behalf of the Company.

(h) The Investors shall have received from Goodwin Procter LLP, legal counsel to the Company, an opinion dated as of the Closing Date in a form reasonably acceptable to the Investors.

(i) No stop order or suspension of trading shall have been imposed by Nasdaq, the SEC or any other governmental or regulatory body with respect to public trading in the Common Stock.

(j) The Board of Directors of the Company (the "Board"), shall have taken all actions necessary and appropriate to cause to be elected to the Board, effective immediately upon the Closing, the Appointed Director.

6.2. Conditions to Obligations of the Company. The Company's obligation to sell and issue the Purchased Shares at the Closing is subject to the fulfillment to the satisfaction of the Company on or prior to the Closing Date of the following conditions, any of which may be waived by the Company:

(a) The representations and warranties made by the Investors in Section 5 hereof shall be true and correct in all material respects (except for those representations and warranties which are qualified as to materiality, in which case such representations and warranties shall be true and correct in all respects) as of the date hereof and on the Closing Date. The Investors shall have performed in all material respects all obligations and covenants herein required to be performed by them on or prior to the Closing Date.

(b) The Investors shall have executed and delivered the Registration Rights Agreement and each Investor Questionnaire.

(c) Any Investor purchasing Purchased Shares at the Closing shall have paid in full its Subscription Amount to the Company.

6.3. Termination of Obligations to Effect Closing; Effects.

(a) The obligations of the Company, on the one hand, and the Investors, on the other hand, to effect the Closing shall terminate as follows:

(i) Upon the mutual written consent of the Company and Investors that agreed to purchase a majority of the Purchased Shares to be issued and sold pursuant to this Agreement;

(ii) By the Company if any of the conditions set forth in Section 6.2 shall have become incapable of fulfillment, and shall not have been waived by the Company;

(iii) By an Investor (with respect to itself only) if any of the conditions set forth in Section 6.1 shall have become incapable of fulfillment, and shall not have been waived by the Investor; or

(iv) By either the Company or any Investor (with respect to itself only) if the Closing has not occurred on or prior to the fifth trading day following the date of this Agreement;

provided, however, that, except in the case of clause (i) above, the party seeking to terminate its obligation to effect the Closing shall not then be in breach of any of its representations, warranties, covenants or agreements contained in this Agreement or the other Transaction Documents if such breach has resulted in the circumstances giving rise to such party's seeking to terminate its obligation to effect the Closing.

(b) In the event of termination by the Company or any Investor of its obligations to effect the Closing pursuant to this Section 6.3, written notice thereof shall be given to the other parties hereto as applicable, specifying the provision hereof pursuant to which such termination is made. Upon termination, this Agreement shall forthwith become null and void, except this Section 6.3(b), Section 8 and Section 9, all of which shall survive termination of this Agreement, and there shall be no liability on the part of the Investors or the Company or their respective directors, officers and Affiliates in connection with this Agreement. Nothing in this Section 6.3 shall be deemed to release any party from any liability for any willful or material breach by such party of the terms and provisions of this Agreement or the other Transaction Documents prior to the date of termination or from fraud.

7. Covenants and Agreements of the Company and the Investors.

7.1. Nasdaq Listing. The Company shall promptly secure the listing of all of the Purchased Shares on Nasdaq and shall pay all fees and expenses in connection with satisfying its obligations under this Section 7.1. The Company will use commercially reasonable efforts to continue the listing and trading of its Common Stock on Nasdaq and, in accordance, therewith, will use commercially reasonable efforts to comply with the Company's reporting, filing and other obligations under the bylaws or rules of such market or exchange, as applicable.

7.2. Removal of Legends. In connection with any sale or disposition of the Purchased Shares by an Investor pursuant to Rule 144 or pursuant to any other exemption under the 1933 Act such that such Investor acquires freely tradable shares and upon compliance by the Investor with the requirements of this Agreement, if requested by the Investor, the Company shall cause the transfer agent for the Common Stock (the "Transfer Agent") to remove any restrictive legends related to the book entry account holding such Purchased Shares and make a new, unlegended entry for such book entry Purchased Shares sold or disposed of without restrictive legends within two trading days of receipt of such request, provided that the Company has received customary representations and other documentation reasonably acceptable to the Company in connection therewith. Subject to receipt by the Company of customary representations and other documentation reasonably acceptable to the Company in connection therewith, upon the earlier of such time as the Purchased Shares (i) have been registered for resale pursuant to an effective registration statement or (ii) such time as the Purchased Shares have been sold pursuant to Rule 144, the Company shall (A) deliver to the Transfer Agent irrevocable instructions that the Transfer Agent shall make a new, unlegended entry for such book entry Purchased Shares, and (B) cause its counsel to deliver to the Transfer Agent one or more opinions to the effect that the removal of such legends in such circumstances may be effected under the 1933 Act. The Company shall be responsible for the fees of its Transfer Agent and all DTC fees associated with such issuance.

7.3. Short Sales and Confidentiality After the Date Hereof. Each Investor covenants that neither it nor any Affiliates acting on its behalf or pursuant to any understanding with it will execute any Short Sales of securities of the Company during the period from the date hereof until after all material nonpublic information received by such Investor (if any) in connection with the transactions contemplated by this Agreement are publicly announced. Each Investor covenants that until such time as material nonpublic information (if any) received in connection with the transactions contemplated by this Agreement is publicly disclosed by the Company, such Investor will maintain the confidentiality of such material nonpublic disclosures made to it in connection with this transaction (including the existence and terms of this transaction, until publicly disclosed). Each Investor understands and acknowledges that the SEC currently takes the position that coverage of short sales of shares of the Common Stock "against the box" prior to effectiveness of a resale registration statement with securities included in such registration statement would be a violation of Section 5 of the 1933 Act, as set forth in Item 239.10 of the 1933 Act Rules Compliance and Disclosure Interpretations compiled by the Office of Chief Counsel, Division of Corporation Finance.

7.4 Subsequent Equity Sales. The Company shall not, and shall use its commercially reasonable best efforts to ensure that no controlled Affiliate of the Company shall, sell, offer for sale or solicit offers to buy or otherwise negotiate in respect of any security (as defined in Section 2 of the 1933 Act) that will be integrated with the offer or sale of the Purchased Shares in a manner that would require the registration under the 1933 Act of the sale of the Purchased Shares to the Investors, or that will be integrated with the offer or sale of the Purchased Shares for purposes of the rules and regulations of any trading market such that it would require stockholder approval prior to the closing of such other transaction unless stockholder approval is obtained before the closing of such subsequent transaction.

7.5. Board Appointment Rights.

(a) The Company agrees to appoint an individual nominated by Commander Aggregator, LP (the "Appointed Director") to the Company's Board initially as a Class II director (which class's current term ends at the Company's annual meeting of stockholders to be held in 2025), subject to the Closing and effective immediately on or after the Closing Date, by taking all necessary action by the Company or its Board to effect such appointment.

(b) Upon the conclusion of the Appointed Director's term(s) on the Company's Board, the Company agrees to include the Appointed Director as a nominee in the Company's slate of nominees for election as directors of the Company at the Company's annual meeting of stockholders for the applicable year(s), and to use its reasonable efforts to cause the election of the Appointed Director. For the avoidance of doubt, the Company shall use substantially the same level of effort and provide substantially the same level of support as is used and/or provided for the other director nominees of the Company with respect to the applicable meeting of stockholders. Furthermore, for the avoidance of doubt, failure of the stockholders of the Company to elect the Appointed Director for one or more additional terms shall not be deemed a breach of this Section 7.5.

(c) If, at any time on or after the date of this Agreement, Commander Aggregator, LP, ceases to beneficially own an aggregate number of shares of Common Stock at least equal to the Minimum Original Amount, or at such time as

Nasdaq Listing Rule 5640 requires the termination of such rights as jointly determined by legal counsel to the Company and legal counsel to Commander Aggregator, LP, the rights conferred under this Section 7.5 shall no longer apply. During the period in which the Appointed Director serves on the Company's Board, the Company shall provide notice to the Appointed Director and to Commander Aggregator, LP, of the imposition of any trading blackout during which members of the Board are not permitted to trade in the securities of the Company (under the Company's insider trading compliance policy or otherwise), and the cessation of any such trading blackout; provided, however, the Company shall not be required to, nor shall the Company, disclose the reasons for the existence or cessation of such trading blackout.

8. Survival and Indemnification.

8.1. Survival. The representations, warranties, covenants and agreements contained in this Agreement shall survive the Closing of the transactions contemplated by this Agreement for the applicable statute of limitations.

8.2. Indemnification. The Company agrees to indemnify and hold harmless each Investor and its Affiliates and their respective directors, officers, trustees, members, managers, employees and agents, and their respective successors and assigns, from and against any and all losses, claims, damages, liabilities and expenses (including without limitation reasonable and documented attorney fees and disbursements and other documented out-of-pocket expenses reasonably incurred in connection with investigating, preparing or defending any action, claim or proceeding, pending or threatened and the costs of enforcement thereof) (collectively, "Losses") to which such Person may become subject as a result of any breach of representation, warranty, covenant or agreement made by or to be performed on the part of the Company under the Transaction Documents, and will reimburse any such Person for all such amounts as they are incurred by such Person; provided that no Person shall be liable for any Losses under this Section 8.2 to the extent that such Losses have been finally judicially determined not to have resulted from such Person's fraud or willful misconduct.

8.3. Conduct of Indemnification Proceedings**.** Any person entitled to indemnification hereunder shall (i) give prompt written notice to the indemnifying party of any claim with respect to which it seeks indemnification and (ii) permit such indemnifying party to assume the defense of such claim with counsel reasonably satisfactory to the indemnified party; provided that any person entitled to indemnification hereunder shall have the right to employ separate counsel and to participate in the defense of such claim, but the fees and expenses of such counsel shall be at the expense of such person unless (a) the indemnifying party has agreed in writing to pay such fees or expenses, (b) the indemnifying party shall have failed to assume the defense of such claim and employ counsel reasonably satisfactory to such person or (c) in the reasonable judgment of any such person, based upon written advice of its counsel, a conflict of interest exists between such person and the indemnifying party with respect to such claims (in which case, if the person notifies the indemnifying party in writing that such person elects to employ separate counsel at the expense of the indemnifying party, the indemnifying party shall not have the right to assume the defense of such claim on behalf of such person); and provided, further, that the failure of any indemnified party to give written notice as provided herein shall not relieve the indemnifying party of its obligations hereunder, except to the extent that such failure to give notice shall materially adversely affect the indemnifying party in the defense of any such claim or litigation. It is understood that the indemnifying party shall not, in connection with any proceeding in the same jurisdiction, be liable for fees or expenses of more than one separate firm of attorneys at any time for all such indemnified parties. No indemnifying party will, except with the consent of the indemnified party, which consent shall not be unreasonably withheld, conditioned or delayed, consent to entry of any judgment or enter into any settlement that does not include as an unconditional term thereof the giving by the claimant or plaintiff to such indemnified party of a release from all liability in respect of such claim or litigation. No indemnified party will, except with the consent of the indemnifying party, which consent shall not be unreasonably withheld, conditioned or delayed, consent to entry of any judgment or enter into any settlement.

9. Miscellaneous.

9.1. Successors and Assigns. This Agreement may not be assigned by a party hereto without the prior written consent of the Company or the Investors, as applicable, provided, however, that an Investor may assign its rights and delegate its duties hereunder in whole or in part to an Affiliate or to a third party acquiring some or all of its Purchased Shares in a transaction complying with applicable securities laws without the prior written consent of the

Company or the other Investors, provided such assignee agrees in writing to be bound by the provisions hereof that apply to Investors. The provisions of this Agreement shall inure to the benefit of and be binding upon the respective permitted successors and assigns of the parties. Without limiting the generality of the foregoing, in the event that the Company is a party to a merger, consolidation, share exchange or similar business combination transaction in which the Common Stock is converted into the equity securities of another Person, from and after the effective time of such transaction, such Person shall, by virtue of such transaction, be deemed to have assumed the obligations of the Company hereunder, the term "Company" shall be deemed to refer to such Person and the term "Purchased Shares" shall be deemed to refer to the securities received by the Investors in connection with such transaction. Nothing in this Agreement, express or implied, is intended to confer upon any party other than the parties hereto or their respective permitted successors and assigns any rights, remedies, obligations, or liabilities under or by reason of this Agreement, except as expressly provided in this Agreement.

9.2. Counterparts; Faxes; E-mail. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. This Agreement may also be executed via facsimile or e-mail, and any counterpart so executed shall be deemed an original and to have been duly and validly delivered.

9.3. Titles and Subtitles. The titles and subtitles used in this Agreement are used for convenience only and are not to be considered in construing or interpreting this Agreement.

9.4. Notices. Unless otherwise provided, any notice required or permitted under this Agreement shall be given in writing and shall be deemed effectively given as hereinafter described (i) if given by personal delivery, then such notice shall be deemed given upon such delivery, (ii) if given by facsimile or e-mail, then such notice shall be deemed given upon receipt of confirmation of complete transmittal or confirmation of receipt of an e-mail transmission, (iii) if given by mail, then such notice shall be deemed given upon the earlier of (A) receipt of such notice by the recipient or (B) three days after such notice is deposited in first class mail, postage prepaid, and (iv) if given by an internationally recognized overnight air courier, then such notice shall be deemed given one Business Day after delivery to such carrier.

All notices shall be addressed to the party to be notified at the address as follows, or at such other address as such party may designate by ten days' advance written notice to the other party:

If to the Company:

Compass Therapeutics, Inc.
80 Guest St., Suite 601
Boston, Massachusetts 02135
Attention: President and Chief Operating Officer
Email: vered.bisker@compasstherapeutics.com

With a copy (which shall not constitute notice) to:

Goodwin Procter LLP
100 Northern Avenue
Boston, Massachusetts 02210
Attention: Richard Hoffman
Email: rhoffman@goodwinlaw.com

If to the Investors:

to the addresses set forth on the signature pages hereto.

9.5. Expenses. The parties hereto shall pay their own costs and expenses in connection herewith regardless of whether the transactions contemplated hereby are consummated; it being understood that each of the Company and each Investor has relied on the advice of its own respective counsel.

9.6. Amendments and Waivers.

(a) Except as provided in Section 9.6(b), any term of this Agreement may be amended and the observance of any term of this Agreement may be waived (either generally or in a particular instance and either retroactively or prospectively), only with the written consent of the Company and (a) prior to the Closing, Investors that agreed to purchase a majority of the Purchased Shares to be issued and sold pursuant to this Agreement and (b) following the Closing, the Required Investors. Notwithstanding the foregoing, this Agreement may not be amended and the observance of any term of this Agreement may not be waived with respect to any Investor without the written consent of such Investor unless such amendment or waiver applies to all Investors in the same fashion. Any amendment or waiver effected in accordance with this paragraph shall be binding upon (i) prior to Closing, each Investor and (ii) following the Closing, each holder of any Purchased Shares purchased under this Agreement at the time outstanding, and in each case, each future holder of all such Purchased Shares and the Company.

(b) Section 7.5 of this Agreement may be amended, and the observance of such term of the Agreement may be waived (either generally or in a particular instance and either retroactively or prospectively), only with the written consent of the Company and Commander Aggregator, LP. For the avoidance of doubt, no other Investor is required to provide consent with respect to any amendment or waiver of Section 7.5 described in the preceding sentence.

9.7. Publicity. Except as set forth below, no public release or announcement concerning the transactions contemplated hereby shall be issued by any Investor without the prior consent of the Company, except as such release or announcement may be required by law or the applicable rules or regulations of any securities exchange or securities market, in which case the Investors shall allow the Company reasonable time to comment on such release or announcement in advance of such issuance. Notwithstanding the foregoing, each Investor may identify the Company and the value of such Investor's security holdings in the Company in accordance with applicable investment reporting and disclosure regulations or internal policies without prior notice to or consent from the Company (including, for the avoidance of doubt, filings pursuant to Sections 13 and 16 of the 1934 Act). By 5:30 p.m. (New York City time) on the first trading day immediately following the date of this Agreement, the Company shall issue a press release or file a Current Report on Form 8-K disclosing all material terms of the sale of the Purchased Shares to the Investors pursuant to this Agreement (the "Public Disclosure"), which the Investors shall have the opportunity to review. In addition, the Company will make such other filings and notices in the manner and time required by the SEC or Nasdaq. The Company shall not include the name of any Investor in the Public Disclosure or any other public announcement without the prior written consent of such Investor, except as otherwise required by law, rule, regulation or applicable SEC guidance. Notwithstanding the forgoing, this Section 9.7 shall not apply to any press release or other public statement made by the Company or the Investors which is consistent with the Public Disclosure and does not contain any information relating to the transactions contemplated hereby that has not been previously announced or made public in accordance with the terms of this Agreement. From and after the issuance of the Public Disclosure, each Investor will continue to be in possession of material nonpublic to the extent such Investor has received information from the Company with respect to certain Company data (the "Company Data"). Such Investors will continue to be in possession of material nonpublic information until the earlier of the release of the Company Data in a Current Report on Form 8-K and 5:30 p.m. (New York City time) on February 1, 2023, at which time all Investors will no longer be in possession of material nonpublic information received from the Company or any of its respective officers, directors, employees or agents in connection with the transactions contemplated by this Agreement. For the avoidance of doubt, all Investors that have elected to not receive the Company Data will no longer be in possession of material nonpublic information in connection with the transactions contemplated by this Agreement following the Public Disclosure.

9.8. Severability. Any provision of this Agreement that is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof but shall be interpreted as if it were written so as to be enforceable to the maximum extent permitted by applicable law, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction. To the extent permitted by applicable law, the parties hereby waive any provision of law which renders any provision hereof prohibited or unenforceable in any respect.

9.9. Entire Agreement. This Agreement, including the signature pages, Exhibits, and the other Transaction Documents constitute the entire agreement among the parties hereof with respect to the subject matter hereof and

thereof and supersede all prior agreements and understandings, both oral and written, between the parties with respect to the subject matter hereof and thereof.

9.10. Further Assurances. The parties shall execute and deliver all such further instruments and documents and take all such other actions as may reasonably be required to carry out the transactions contemplated hereby and to evidence the fulfillment of the agreements herein contained.

9.11. Governing Law; Consent to Jurisdiction; Waiver of Jury Trial. This Agreement shall be governed by, and construed in accordance with, the internal laws of the State of New York without regard to the choice of law principles thereof. Each of the parties hereto irrevocably submits to the exclusive jurisdiction of the courts of the State of New York located in New York County and the United States District Court for the Southern District of New York for the purpose of any suit, action, proceeding or judgment relating to or arising out of this Agreement and the transactions contemplated hereby. Service of process in connection with any such suit, action or proceeding may be served on each party hereto anywhere in the world by the same methods as are specified for the giving of notices under this Agreement. Each of the parties hereto irrevocably consents to the jurisdiction of any such court in any such suit, action or proceeding and to the laying of venue in such court. Each party hereto irrevocably waives any objection to the laying of venue of any such suit, action or proceeding brought in such courts and irrevocably waives any claim that any such suit, action or proceeding brought in any such court has been brought in an inconvenient forum. **EACH OF THE PARTIES HERETO WAIVES ANY RIGHT TO REQUEST A TRIAL BY JURY IN ANY LITIGATION WITH RESPECT TO THIS AGREEMENT AND REPRESENTS THAT COUNSEL HAS BEEN CONSULTED SPECIFICALLY AS TO THIS WAIVER.**

9.12. Independent Nature of Investors' Obligations and Rights. The obligations of each Investor under any Transaction Document are several and not joint with the obligations of any other Investor, and no Investor shall be responsible in any way for the performance of the obligations of any other Investor under any Transaction Document. The decision of each Investor to purchase Purchased Shares pursuant to the Transaction Documents has been made by such Investor independently of any other Investor. Nothing contained herein or in any Transaction Document, and no action taken by any Investor pursuant thereto, shall be deemed to constitute the Investors as a partnership, an association, a joint venture or any other kind of entity, or create a presumption that the Investors are in any way acting in concert or as a group with respect to such obligations or the transactions contemplated by the Transaction Documents. Each Investor acknowledges that no other Investor has acted as agent for such Investor in connection with making its investment hereunder and that no Investor will be acting as agent of such Investor in connection with monitoring its investment in the Purchased Shares or enforcing its rights under the Transaction Documents. Each Investor shall be entitled to independently protect and enforce its rights, including, without limitation, the rights arising out of this Agreement or out of the other Transaction Documents, and it shall not be necessary for any other Investor to be joined as an additional party in any proceeding for such purpose. The Company acknowledges that each of the Investors has been provided with the same Transaction Documents for the purpose of closing a transaction with multiple Investors and not because it was required or requested to do so by any Investor.

9.13. Reliance by the Placement Agents. The parties agree and acknowledge that each Placement Agent may rely on the representations, warranties, agreements and covenants of the Company contained in this Agreement and may rely on the representations and warranties of the respective Investors contained in this Agreement as if such representations, warranties, agreements, and covenants, as applicable, were made directly to the Placement Agents. The parties further agreement that each Placement Agent may rely on or, if each Placement Agent so requests, be specifically named as an addressee of, the legal opinions to be delivered pursuant to Section 6.1(h) of this Agreement.

9.14 Limitation of Liability. Notwithstanding anything herein to the contrary, the Company acknowledges and agrees that the liability of an Investor arising directly or indirectly under any Transaction Document of any and every nature whatsoever shall be satisfied solely out of the assets of such Investor and that no trustee, officer, other investment vehicle or any other Affiliate of such Investor or any investor, shareholder or holder of shares of beneficial interest of such Investor shall be personally liable for any liabilities of such Investor.

9.15 Exculpation of the Placement Agents. Each party hereto agrees for the express benefit of each Placement Agent, their respective affiliates and their respective representatives that:

(a) Neither the Placement Agents nor any of their respective affiliates or any of their respective representatives (i) have any duties or obligations other than those specifically set forth herein or in the engagement letter, dated as of October 24, 2022, among the Company and Placement Agents (the "Engagement Letter"); (ii) shall be liable for any improper payment made in accordance with the information provided by the Company; (iii) make any representation or warranty, or have any responsibilities as to the validity, accuracy, value or genuineness of any information, certificates or documentation delivered by or on behalf of the Company pursuant to this Agreement or the Transaction Documents or in connection with any of the transactions; or (iv) shall be liable (A) for any action taken, suffered or omitted by any of them in good faith and reasonably believed to be authorized or within the discretion or rights or powers conferred upon it by this Agreement or any Transaction Document or (B) for anything which any of them may do or refrain from doing in connection with this Agreement or any Transaction Document, except for such party's own gross negligence, willful misconduct or bad faith.

(b) Without limitation of the foregoing, each party hereto hereby further acknowledges and agrees that (i) each Placement Agent is acting solely as placement agent in connection with the transactions contemplated hereby and is not acting as an underwriter, initial purchaser, dealer or in any other such capacity and is not and shall not be construed as a fiduciary for any Investor, the Company or any other person or entity in connection with the transactions contemplated hereby, (ii) each Placement Agent has not made and will not make any representation or warranty, whether express or implied, of any kind or character and has not provided any advice or recommendation in connection with the transactions contemplated hereby, and (iii) each Placement Agent will have no responsibility with respect to (A) any representations, warranties or agreements made by any person or entity under or in connection with the transactions contemplated hereby or any of the documents furnished pursuant thereto or in connection therewith, or the execution, legality, validity or enforceability (with respect to any person) of any thereof, or (B) the financial condition, business, or any other matter concerning the Company or the transactions contemplated hereby.

(c) Each Placement Agent, their respective affiliates and their respective representatives shall be entitled to (i) rely on, and shall be protected in acting upon, any certificate, instrument, opinion, notice, letter or any other document or security delivered to any of them by or on behalf of the Company, and (ii) be indemnified by the Company for acting as Placement Agents, hereunder pursuant the indemnification provisions set forth in the Engagement Letter.

[Remainder of page intentionally left blank]

Exhibit 31.1

CERTIFICATION PURSUANT TO
RULES 13a-14(a) AND 15d-14(a) UNDER THE SECURITIES EXCHANGE ACT OF 1934,
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Thomas Schuetz, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Compass Therapeutics, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

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

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

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

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

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

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 9, 2022

By: /s/ Thomas Schuetz

Thomas Schuetz
Chief Executive Officer (Principal Executive Officer)

Exhibit 31.2

CERTIFICATION PURSUANT TO
RULES 13a-14(a) AND 15d-14(a) UNDER THE SECURITIES EXCHANGE ACT OF 1934,
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Vered Bisker-Leib, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Compass Therapeutics, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

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

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

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

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

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

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 9, 2022

By: /s/ Vered Bisker-Leib

Vered Bisker-Leib
President and Chief Operating Officer
(Principal Financial Officer)

Exhibit 32.1

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

In connection with the Quarterly Report of Compass Therapeutics, Inc. (the "Company") on Form 10-Q for the period ended September 30, 2022 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

Date: November 9, 2022

By: /s/ Thomas Schuetz

Thomas Schuetz
Chief Executive Officer (Principal Executive Officer)

Exhibit 32.2

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

In connection with the Quarterly Report of Compass Therapeutics, Inc. (the "Company") on Form 10-Q for the period ended September 30, 2022 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

Date: November 9, 2022

By: /s/ Vered Bisker-Leib

Vered Bisker-Leib
President and Chief Operating Officer
(Principal Financial Officer)

Exhibit 99.1

Compass Therapeutics Reports Third Quarter 2022 Financial Results and Provides Corporate Update

- Study site initiations in the United States for a randomized Phase 2/3 study of CTX-009 with paclitaxel in patients with Biliary Tract Cancers (BTC) and a Phase 2 of CTX-009 in patients with Colorectal Cancer (CRC) are ongoing; patient enrollment for both studies is expected during the fourth quarter of 2022
- Formed a clinical collaboration and supply agreement with Merck to evaluate CTX-471 in combination with KEYTRUDA® (pembrolizumab) in patients with selected solid tumors; patient screening began in November 2022
- Initiated preclinical toxicology studies for CTX-8371; IND filing and first in human clinical study are anticipated in the first half of 2023
- Cash and marketable securities balance of $120.6 million as of September 30, 2022
- Issued and sold an aggregate of 25,000,000 common shares (approximately $80 million in gross proceeds) in a private investment in public company (PIPE) financing to a selected group of institutional [to match the PR disclosure] investors; the proceeds thereof, combined with the existing cash and marketable securities as of September 30, 2022, are expected to extend the cash runway into 2026

BOSTON, November 9, 2022 - Compass Therapeutics, Inc. (Nasdaq: CMPX), a clinical-stage, oncology-focused biopharmaceutical company developing proprietary antibody-based therapeutics to treat multiple human diseases, today reported third quarter and year-to-date 2022 financial results and provided a corporate update.

“We are very pleased to initiate multiple studies, including a Phase 2/3 study of CTX-009 in patients with biliary tract cancer and a phase 2 study in patients with colorectal cancer, while at the same time advancing our CTX-471 and CTX-8371 programs in development” said Thomas Schuetz, M.D., Ph.D., Chief Executive Officer and Scientific Founder of Compass. “Our recent equity financing puts us in a very strong financial position with cash runway well beyond the projected key clinical data and regulatory milestones.”

Development Pipeline

CTX-009 (DLL4 and VEGF-A bispecific antibody)

- Following discussions with the United States Food and Drug Administration (FDA), Compass is initiating a randomized Phase 2/3 study of CTX-009 in the United States in combination with paclitaxel in second-line BTC patients. Depending on the results of the study, it could serve as a registrational study (see Clinicaltrials.gov)

- Compass plans to begin enrollment in a Phase 2 study of CTX-009 in patients with advanced metastatic CRC in the United States in the fourth quarter of 2022 (see Clinicaltrials.gov)

CTX-471 (CD137 agonistic monoclonal antibody)

- The Phase 1b of CTX-471 as a monotherapy in patients with advanced solid tumors who received at least one checkpoint blocker is ongoing. The study is fully enrolled with 4 partial responses (PRs) observed and 3 of the 4 confirmed by RECIST as of September 30, 2022

- In September 2022, Compass announced a clinical collaboration and supply agreement with Merck to evaluate CTX-471 in combination with KEYTRUDA® (pembrolizumab) in patients who have progressed following initial response to a PD-1 regimen

- As of November 2022, Compass has begun screening patients in the combination arm of the study

CTX-8371 (PD-1 and PD-L1 bispecific antibody)

- GMP manufacturing campaign was completed, and non-human primate toxicology studies were initiated

- IND filing and initiation of a first-in-human clinical study are anticipated in the first half of 2023

Financial Results for Third Quarter and Nine Months Ended September 30, 2022

Cash Position

As of September 30, 2022, cash and marketable securities were $120.6 million as compared to $144.5 million as of December 31, 2021; Compass used $23.0 million of cash to fund operations in the first nine months of 2022.

In November 2022, Compass increased its cash position by approximately $76 million, after deducting fees to the placement agents and other offering expenses, from a PIPE financing that generated gross proceeds of approximately $80 million.

Net Loss

Net loss for the third quarter ended September 30, 2022, was $12.0 million or $0.12 per common share, compared to $6.0 million or $0.10 per common share for the same period in 2021. Net loss for the nine months ended September 30, 2022, was $27.6 million or $0.27 per common share, compared to $69.2 million or $1.26 per common share for the same period in 2021. In 2021, Compass recorded $50.6 million of in-process Research and Development (R&D) expense related to the acquisition of Trigr Therapeutics, Inc. Excluding this expense, the net loss for the first nine months of 2021 would have been $18.6 million, or $0.34 per common share.

R&D Expenses

R&D expenses were $9.8 million for the third quarter ended September 30, 2022, as compared to $3.2 million for the same period in 2021, an increase of $6.6 million, or 210%. R&D expenses were $20.1 million for the nine months ended September 30, 2022, as compared to $10.8 million for the same period in 2021, an increase of $9.3 million, or 86%. The increase from 2021 for the quarter and year was primarily attributable to increased development program expenses, predominantly related to CTX-009.

General and Administrative (G&A) Expenses

G&A expenses were $2.8 million for the third quarter ended September 30, 2022, as compared to $2.7 million for the same period in 2021, an increase of $0.1 million, or 4%. G&A expenses were $8.7 million for the nine months ended September 30, 2022, as compared to $7.5 million for the same period in 2021, an increase of $1.2 million, or 16%. The increase from 2021 for the quarter and year was primarily attributable to increased stock compensation expense.

About Compass Therapeutics

Compass Therapeutics, Inc. is a clinical-stage, oncology-focused biopharmaceutical company developing proprietary antibody-based therapeutics to treat multiple human diseases. Compass's scientific focus is on the relationship between angiogenesis, the immune system, and tumor growth. Compass's pipeline of novel product candidates is designed to target multiple critical biological pathways required for an effective anti-tumor response. These include modulation of the microvasculature via angiogenesis-targeted agents, induction of a potent immune response via activators on effector cells in the tumor microenvironment, and alleviation of immunosuppressive mechanisms used by tumors to evade immune surveillance. Compass plans to advance its product candidates through clinical development as both standalone therapies and in combination with proprietary pipeline antibodies based on supportive clinical and nonclinical data. Compass was founded in 2014 and is headquartered in Boston, Massachusetts. For more information, visit the Compass Therapeutics, Inc. website at https://www.compasstherapeutics.com.

We periodically provide other information for investors on our corporate website, www.compasstherapeutics.com*. This includes press releases and other information about financial performance, information on corporate governance, and details related to our annual meeting of stockholders. We intend to use our website as a means of disclosing material non-public information and for complying with our disclosure obligations under Regulation FD. Accordingly, investors should monitor our website, in addition to following Compass's press releases, SEC filings, and public conference calls and webcasts.*

Forward-Looking Statements

This press release contains forward-looking statements. Statements in this press release that are not purely historical are forward-looking statements. Such forward-looking statements include, among other things, references to Compass's financial position to continue advancing its product candidates, expectations about Compass's cash runway lasting into 2026, business and development plans, and statements regarding Compass's product candidates, their development, regulatory plans with respect thereto and therapeutic potential thereof, planned interactions with regulatory authorities, and planned clinical development. Actual results could differ from those projected in any forward-looking statements due to numerous factors. Such factors include, among others, Compass's ability to raise the additional funding it will need to continue to pursue its business and product development plans, the inherent uncertainties associated with developing product candidates and operating as a development stage company, Compass's ability to identify additional product candidates for development, Compass's ability to develop, complete clinical trials for, obtain approvals for and commercialize any of its product candidates, competition in the industry in which Compass operates and market conditions. These forward-looking statements are made as of the date of this press release, and Compass assumes no obligation to update the forward-looking statements, or to update the reasons why actual results could differ from those projected in the forward-looking statements, except as required by law. Investors should consult all of the information set forth herein and should also refer to the risk factor disclosure set forth in the reports and other documents Compass files with the SEC available at www.sec.gov, including without limitation Compass's latest Form 10-Q and subsequent filings with the SEC.

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Compass Therapeutics, Inc. and Subsidiaries
Consolidated Statement of Operations (unaudited)
(In thousands, except per share data)

	Three Months Ended september 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
Operating expenses:				
Research and development	$ 9,791	$ 3,154	$ 20,069	$ 10,763
General and administrative	2,807	2,700	8,698	7,500
In-process R&D	—	—	—	50,618
Total operating expenses	12,598	5,854	28,767	68,881
Loss from operations	(12,598)	(5,854)	(28,767)	(68,881)
Other income (expense), net	623	(121)	1,136	(306)
Loss before income tax expense	(11,975)	(5,975)	(27,631)	(69,187)
Income tax expense	—	—	—	(13)
Net loss	$ (11,975)	$ (5,975)	$ (27,631)	$ (69,200)
Net loss per share - basic and diluted	$ (0.12)	$ (0.10)	$ (0.27)	$ (1.26)
Basic and diluted weighted average shares outstanding	101,010	61,694	100,939	55,003

Compass Therapeutics, Inc. and Subsidiaries
Consolidated Balance Sheets
(In thousands, except par value)

	September 30, 2022 (unaudited)	December 31, 2021
Assets		
Current assets:		
Cash and cash equivalents	$ 16,481	$ 144,514
Short-term marketable securities	104,121	—
Prepaid expenses and other current assets	1,952	2,591
Total current assets	122,554	147,105
Property and equipment, net	1,708	2,243
Operating lease, right-of-use ("ROU") asset	3,256	4,089
Other assets	320	320
Total assets	$ 127,838	$ 153,757
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	$ 2,761	$ 867
Accrued expenses	5,742	8,775
Operating lease obligations, current portion	1,075	989
Total current liabilities	9,578	10,631
Operating lease obligations, long-term portion	2,144	3,048
Total liabilities	11,722	13,679
Stockholders' equity:		
Common stock, $0.0001 par value: 300,000 shares authorized; 101,286 and 101,303 shares issued at June 30, 2022 and December 31, 2021, respectively; 100,967 and 100,832 shares outstanding at June 30, 2022 and December 31, 2021, respectively	10	10
Additional paid-in-capital	377,967	373,657
Accumulated other comprehensive loss	(641)	
Accumulated deficit	(261,220)	(233,589)
Total stockholders' equity	116,116	140,078
Total liabilities and stockholders' equity	$ 127,838	$ 153,757